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ANNUAL REPORT

FINANCIAL INSTITUTIONS BUREAU

Calendar Year

1983

Michigan Department of Commerce

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STATE OF MICHIGAN

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FINANCIAL INSTITUTIONS BUREAU

LAW BUILDING

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LANSING, MICHIGAN

EUGENE W. KUTHY
Commissioner

RUSSELL S. KROPSCHOT
Chief Deputy Commissioner

ANNUAL REPORT

CALENDAR YEAR 1983

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COMMISSIONER'S COMMENTS

This is the ninety-fifth annual report of the Commissioner. Michigan's state-chartered financial institutions are generally healthy and servicing the financial needs of Michigan residents.

Economic Development and Job Creation

A significant objective of my administration of the Bureau will be to expand the role financial institutions play in the economic development of Michigan. This expanded role will be developed and implemented without compromising this office's responsibility for maintaining a safe and sound financial industry. During 1984 the Bureau will be formalizing policy and legislative initiatives that will provide more specification of this increased role in economic development and job creation. These initiatives will address principally the issues of providing new sources of venture capital for start-up and emerging growth companies and increased loan capital availability for small businesses in Michigan.

Nineteen eighty-three was another important year in the deregulation of the financial industry. 1984 and 1985 are also expected to be significant years in the deregulation process.

Interest rates financial institutions pay for deposits are, for all practical purposes, established in the board room of each institution based upon current market conditions. This deregulation of deposit interest rates has certainly improved the earnings ability of savers both in Michigan and throughout the country. While savers have benefited, institutions' costs of doing business have increased and, as a result, customers are being asked to pay more when they borrow from financial institutions. At the present time, Michigan has not relaxed or deregulated interest rates that can be charged by lending institutions. It is obvious that relaxation or deregulation will take place in the future and it is important that, while going through this process, appropriate consumer protections be addressed so that the borrower is treated fairly in this changed environment. This continues to be an important objective of my administration of the Bureau during the coming year.

Deregulation of financial institutions is also evolving as it relates to the types of services institutions can offer their customers. Discount brokerage service, insurance, real estate development, security brokerage and underwriting are just a few of the new powers that are being exercised or contemplated for financial institutions. During the coming year, the Bureau will continue to press for a comprehensive review of these new powers issues by the executive and legislative branches of state government and the industry and consumer groups who are involved.

Deregulation also means a breakdown of artificial barriers evidenced by Michigan's limited branching statute, as well as the barriers that have been built around each of the states in this country. Regional banking is already in place in the New England states and is currently being considered in other areas of the country. Reciprocal arrangements between states exist and other states are currently addressing this possibility. Many will argue the offering of services on a nationwide basis is already in existence - witness Citibank Bank and Sears - and that it will just be a matter of time before the legislatures of the many states and Congress catch up with the realities of the marketplace. In this regard the Bureau will continue to support its policy objective of a phased deregulation of geographic market constraints and exercise circumspect public scrutiny in its review of policy and legislative initiatives offered by the financial industry.

Impact on Programs

Deregulation has a significant impact on this Bureau's programs. First, it is obvious that deregulation places a greater emphasis on management talents and exposes those institutions with inadequate management to a much higher level of risk to their safety and soundness. This scenario means that we must continue a high level of resource commitment

to the training and development of our people, defining our programs, and maximizing our utilization of computers so that we can identify very early those institutions that are having difficulty adjusting to this deregulated climate. It is expected that there will be a significant contraction in the number of financial institutions over the remainder of this decade. This contraction will result both from a need on the part of the industry to absorb problem institutions and also, positive consolidation, where institutions decide to consolidate so that they are in a better position to compete in the marketplace. We must position ourselves to assist institutions as they deal with the contraction that will be occurring.

Funding

The Financial Institutions Bureau is preparing itself for this changing environment. Movement toward self-funding of our programs is under way. Banks and credit unions have already shown their willingness to support quality regulation by the passage of restricted funding in December of 1982. Similar programs will be addressed by the Legislature in 1984 dealing with the consumer finance and savings and loan industries. Although essential, funding is only one part of the ingredients necessary for us to accomplish the goals of the Bureau. Other important ingredients include programs and procedures that will identify weaknesses in an institution's management and operations and result in the effective communication of these concerns to the particular institution's board and management and the follow up on that institution's success in dealing with their problems. This type of focus requires a staff of professional examiners who are adequately trained and sensitive to the operations and management of a financial institution. One of the significant tools that examiners will be provided with in the future is access to the computer for many purposes, including word processing, financial analysis and modeling. We are committed to providing the resources to develop our people on an ongoing basis so that we can meet the challenges that we face.

Examination and Supervision

Overall, the results of the Bureau's examination and supervision efforts during 1983 were effective. Although all our examination and supervision programs are subject to a continuous review and update process, we intend to focus our efforts in 1984 and 1985 on improvements in our examination and supervision program as it relates to credit unions. Specifically, we intend to increase the number of examinations conducted in order to meet our statutory mandate of examining each credit union at least once each calendar year. Also, we intend to institute a more formal approach in dealing with the supervision of identified problem credit unions and savings and loans. Overall, our objectives in dealing with problem institutions, including the handling of failures and mergers and purchase and assumptions to avoid failure, were accomplished.

Eugene W. Kuthy, Commissioner

FINANCIAL INSTITUTIONS BUREAU

The Financial Institutions Bureau (FIB) was created under the Michigan Banking Code of 1969 and is responsible for the chartering, regulation, examination and supervision of state-chartered banks, credit unions and savings and loan associations. FIB also licenses and supervises the activities of regulatory loan, motor vehicle installment seller, secondary mortgage and sale of check licensees; administers and enforces Michigan's mortgage anti-redlining law; monitors electronic fund transfer activities and conducts various consumer complaint and information programs.

Organization

The overall administration of Bureau activities is the responsibility of the Commissioner of the Financial Institutions Bureau. The Commissioner is appointed by the Governor with the approval of the Senate and serves at the pleasure of the Governor under the provisions of the Michigan Banking Code. The Commissioner is assisted in the administration of the Bureau by a Chief Deputy Commissioner, Deputy Commissioners of the Office of Regulation and Office of Policy and Consumer Affairs and Director of the Office of Administration.

Organizational Chart

Mission and Goals

The mission of the Bureau is to ensure that Michigan's state-regulated financial institutions are financially safe and are providing needed financial services to the general public.

Primary goals of the Bureau are:

- To insure that sound financial practices which minimize the risk of insolvency are being exercised; and
- To insure that financial services are available to meet public demand and that consumer/depositor protections are adequate.

The Bureau achieves these goals by:

- Examining and supervising financial institutions;
- Pursuing programs that encourage self-regulation on the part of financial institutions;
- Developing an efficient and effective staff; and
- Developing and maintaining open lines of communication with consumers, financial industries, governmental agencies and others.

Regulatory Responsibilities

FIB is responsible for the regulation, examination and supervision of over 800 financial institutions with assets in excess of $37 billion.

STATE-REGULATED FINANCIAL INSTITUTIONS

Dollars in Billions

	Banks		Credit Unions		Savings and Loans		Regulatory Loan Licensees		Totals	
	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983
Main Offices	751	748	510	516	21	20	109	88	907	872
Branch Offices	1,358	1,360	[illegible]	[illegible]	126	120	[illegible]	[illegible]	1,708	1,700
Total Assets	$27.5	$29.9	$5.5	$6.9	$1.1	$1.4	$ .3	$ .4	$34.5	$38.7
Total Loans	$13.5	$14.6	$3.6	$3.8	$2.2	$2.8	$ .1	$ .1	$19.1	$21.5
Total Deposits	$21.7	$25.8	$4.3	$4.6	$2.3	$2.7	[illegible]	[illegible]	$29.5	$33.1

It is primarily through the examination and supervision process and the regulation of corporate activities that the Bureau determines if Michigan's state-chartered financial institutions are complying with appropriate law and exercising sound financial practices. Steps will continue to be pursued to ensure that the responsibility for the safe and sound operations of each financial institution is focused on that institution's board of directors and management. These steps will include extending the Bureau's policy and oversite approach to examination and supervision, currently in use by the Bank and Trust Division, to the Savings and Loan and Credit Union Divisions.

During comprehensive examinations, Bureau examiners analyze such key factors as quality of assets, capital adequacy, earnings, liquidity, management capacity and performance, policy adequacy and implementation, consumer compliance and adherence to law. If an examination reveals a situation which may constitute a potential threat to the safety and soundness or the solvency of the institution, appropriate

supervisory action is initiated. Such action may include board meetings, memoranda of understanding, cease and desist orders, officer and director removals and an extensive program of follow-up visitations of problem institutions.

In conjunction with examinations, the Bureau intends to develop additional offsite financial analysis techniques through the use of micro-computers. These additional techniques will improve our abilities to recognize and deal with warning signals and adverse trends at an even earlier date. Also, we intend to use micro-computers as a tool that will give examiners financial simulation and modeling capabilities which should improve their ability to communicate with an institution's management.

The Bureau also conducts on-premise evaluations of data processing centers which serve financial institutions. The purpose of these evaluations is to bring to the attention of financial institutions areas in data processing operations which could lead to inaccurate, interrupted or discontinued processing.

Revenue and Expense

In December 1982, legislation was passed which restricted the use of bank and credit union fees to the Financial Institutions Bureau only. Changing the funding source from general funds to restricted funds (bank and credit union fees) stabilizes the funding for Bureau bank and credit union programs and reduces the drain on the state's general fund.

Total revenue in FY 83 was $3,556,000 which was an increase of 11.4% over FY 82 revenues of $3,191,000. Bureau expenditures increased by only 1.6%, from $4,510,000 in FY 82 to $4,583,000 in FY 83. The ratio of revenue to expense increased from 70.7% in FY 82 to 77.6% in FY 83. Bureau expenditures in FY 84 should be only slightly higher than FY 83 because of economic increases.

EXECUTIVE SUMMARY

On April 20, 1983, Eugene W. Kuthy was appointed Commissioner of the Financial Institutions Bureau, replacing Martha R. Seger, Ph.D., who resigned on December 31, 1982. Russell S. Kropschot was Acting Commissioner during the period beginning with Dr. Seger's resignation and ending with Mr. Kuthy's appointment. Mr. Kuthy joined the Bureau from the law firm of Kemp, Klein, Endelman and Beer, P.C. of Birmingham, Michigan. He shares Governor Blanchard's view that financial institutions can play a more active role in the state's economic recovery and is committed to increasing their involvement in the venture capital formation process. Significant orders issued last year by Mr. Kuthy are presented in their entirety on pages 19 through 49. Selected excerpts from Mr. Kuthy's Senate confirmation hearing appear on pages 50 through 53, and his remarks to a Bank Administration Institute gathering appear on pages 54 through 57. These items are included as an indication of Commissioner Kuthy's policy positions as well as directions the Bureau is and will be pursuing under his leadership.

Summaries of Significant Orders

Ann Arbor - Saline Merger

When Ann Arbor Trust Company applied last year to consolidate with The Citizens Bank of Saline, with the resulting bank to be headquartered in Ann Arbor, its expressed intent to continue operation of all offices of both banks presented a significant legal issue. The main office of Citizens Bank was located in Saline, which was also the headquarters of Manufacturers Bank of Saline.

In ruling on the application, Commissioner Kuthy had to determine whether operation of the Citizens Bank main office as a branch following consolidation would violate state law prohibiting establishment of a branch in an incorporated area where there is already a bank or bank branch.

The Commissioner determined that, since the main offices of the consolidating banks already were established pursuant to statute and were located within 25 miles of each other, the prohibition against establishment of a branch in an incorporated area would not limit the consolidated bank's ability to continue to operate the Citizens Bank main office.

United Metro Bank

On August 22, 1983, the Commissioner issued an order approving the application of United Metro Bank ("new bank") for permission to organize a de novo bank to be located in Grand Rapids. The applicants for the "new bank" were sponsored by United Community Bank (UCB), and its parent holding company, United Community Financial Corporation, both located in Wayland. The application went beyond the routine organization of a de novo bank by a bank holding company. The "new bank," as a separate entity did not open for business. Rather, when all necessary approvals to establish, insure, and acquire the "new bank" were obtained, further regulatory approval would be sought to consolidate the "new bank" with UCB. Thus, establishment of the "new bank" and its later consolidation with UCB, would enable UCB to expand its market area and establish a physical presence in Grand Rapids and other permissible locations by effecting the relocation of UCB's main office from the City of Wayland into the City of Grand Rapids. The UCB expansion opportunities were limited by section 171 of the Banking Code of 1969 which barred UCB from directly branching into Grand Rapids because other banks and their branches were operating within the City of Grand Rapids.

River Place Financial Corp.

When the Stroh family undertook the revitalization of part of the eastside riverfront area of Detroit, it soon recognized the need for a central financial coordinator for the project. Stroh River Place would take 10 years to complete and cost $140 million. Careful analysis revealed that a bank's services were needed - not the usual full-service variety of bank, but a special purpose institution to handle the financial services

needs of the River Place project and other developments in the east riverfront area.

The Bureau, which had never evaluated an application for a bank of this nature, found it necessary, within existing statutory standards, to examine the application from a different perspective. It would have been easy to take a myopic view of the limited range of services to be provided, the declining population of Detroit, and the abandoned factories and vacant lots in the area, and conclude that there was no need in the community for another bank. However, the Bureau chose to look beyond the vacant lots and abandoned buildings to a time when Stroh River Place would be a bustling residential, commercial, and professional neighborhood. The benefits which would accrue in the form of new employment during development and renovation and, in the long term, new, reasonably priced housing and new job opportunities in this otherwise economically depressed area were taken into consideration. Because of the anticipated effect the bank would have in the development of the general area of the Detroit riverfront, the organization of the bank was approved.

Pontiac State Bank

On December 8, 1983, the Commissioner issued an order approving the application of PSB State Bank, Pontiac for permission to consolidate with Pontiac State Bank, Pontiac. NBD Bancorp, Inc. had caused PSB State Bank ("new bank") to be organized as a state-chartered bank for the sole purpose of effecting a consolidation between PSB State Bank and Pontiac State Bank ("existing bank") with the resulting bank to be wholly-owned by NBD Bancorp, Inc. Earlier on September 9, 1983, the Bureau received a notice of protest from Comerica, Incorporated. The only issue involved in the protest was whether the applicable statutes permitted payment of cash to shareholders of the existing bank upon its acquisition by the bank holding company. Comerica, Incorporated argued that the Banking Code does not specifically authorize the payment of cash by a holding company and that the only form of consideration that can be approved by the Commissioner is shares or other securities of the bank holding company. Notwithstanding this argument, the Commissioner approved the application. The Legislature was presumed to be aware of numerous similar consolidations involving cash payments that were approved by the Commissioner. Despite its knowledge of these approvals, the Legislature had not acted to prohibit this type of activity or specifically permit it.

Bureau Productivity

In 1983, 48 banks and 5 savings and loan associations failed in the United States compared to 42 and 22, respectively, in 1982. It is significant, given the severe economic problems of this state, that there were no Michigan bank failures and only 1 savings and loan association failure in 1983. In 1983, there were 50 credit union liquidations nationally, while Michigan experienced no liquidations. The resilience of Michigan's financial institutions may be attributed, in part, to their long experience with economic ups and downs caused by the state's reliance on cyclical heavy manufacturing. Another factor is the increased effort by Bureau examiners to identify and resolve potential problems at institutions before they become serious.

During 1983, examiners in the Bureau's Bank and Trust Division examined 151 banks, or 60.9% of the total of 248 state-chartered banks. The examined banks accounted for assets of nearly $22.3 billion, or 74.6% of the total assets of all state banks. The Bureau has divided examination programs with the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve System (FRS). The Bureau and the FDIC examine in alternate years insured nonmember banks which receive high ratings from both agencies. The Bureau and the FRS have a similar arrangement for state-chartered member banks. Savings and Loan Division examiners completed 13 examinations (jointly with the Federal Home Loan Bank of Indianapolis), or 65% of the 20 associations. The total assets of the examined associations amounted to approximately $2.76 billion, or 77.5% of the $3.56 billion in total assets of all state-

chartered associations. Examiners in the Credit Union Division examined 426 credit unions, or 82.6% of the total of 516 credit unions. Examined credit unions had assets of $2.98 billion, or 90.0% of the total assets of all state-chartered credit unions.

Examiners in the Consumer Finance Division examined 92 licensees under the Regulatory Loan Act of 1963 (there were 104 licensees at the beginning of 1983 and 88 at the end); 25 licensees under the Secondary Mortgage Act, or 30.5% of the total of 82 licensees; three licensees under the Sale of Checks Act, or 20% of the total of 15 licensees. Because no funds were appropriated for conducting examinations under the Motor Vehicle Sales Finance Act; only two licensees (one dealer and one sales finance company) were examined in 1983.

Implications of Financial Services Deregulation for FBB Supervisory Activities

Contrary to popular belief, the current trend toward deregulation of financial services has increased, not reduced, the need for the adequate examination and careful supervision of financial institutions. Financial services deregulation has resulted in financial institutions offering a broader array of services, for example, money market accounts, insurance and discount brokerage services, which inherently increases the risk to the institution's safety and soundness. The Bureau's major mission is to maintain the safety and soundness of financial institutions so that depositors' funds are protected. In a deregulated environment, the Bureau will have to increase its efforts to maintain safety and soundness and will play a more active role in evaluating management, boards of directors, their policies and programs.

A good example of increased risk is the removal of restrictions on interest on deposits. For many years, deposit rate ceilings have not only limited lenders' ability to compete with money market instruments, but left many of them inexperienced in making pricing decisions of this type. Institutions paying a high rate of interest may attract new deposits, but unless the institutions can invest these funds at higher interest rates and similar maturities, the institutions' potential exposure to financial loss will increase. Thus, as financial institutions begin to exercise these new powers, they assume greater responsibility for decision making in a wide variety of areas and they may assume greater, or at least new, risks.

Accordingly, there is an increased need for well-trained financial examiners who can objectively evaluate the policies and practices of management as well as the condition of a financial institution engaging in these new activities. The Bureau will be required to allocate additional resources to training to assure that its staff is competent to assess risk levels, quality of management, and overall financial condition of state-chartered financial organizations. The Bureau's 1984-85 budget submission provides for the additional dollars and personnel levels that management believes are necessary to achieve these objectives.

Plans and Objectives for the Future

The Bureau plans to use more off-site monitoring and evaluation of financial institutions to facilitate early identification of unfavorable trends. Information obtained from off-site analysis will be used to schedule and prepare for on-site examinations. The off-site analysis will involve greater use of computer technology. Some of this work will involve computer simulations that will enable examiners to better judge the condition of regulated institutions. Through use of the computer, examiners will be able to demonstrate to financial institution managers that problems or the potential for problems exists, and to convince managers to address the problems before they worsen. The Bureau recently commenced off-site review of bank holding companies. As bank holding companies expand, and with the potential for formation of savings and loan holding companies, additional attention and resources will be directed to this program.

Also planned is an increase in the flow of information between examiners and boards of

directors of financial institutions through periodic meetings and improved communications and enforcement techniques.

Currently under study by the Bureau is the capital adequacy issue. The Bureau recently issued a policy statement on capital adequacy for state-chartered banks. The Bureau plans to issue similar policy statements on net worth adequacy for credit unions and savings and loan associations to treat this subject consistently for all Bureau-regulated depository institutions.

The Bureau will continue to analyze the competitiveness of financial institution markets. Statewide branching, cross-industry acquisition between depository institutions and insurance providers, entry by non-depository institutions into the business of depository institutions, and the appropriateness of a common bond for credit union membership will be addressed.

The increased risks to financial institutions associated with deregulation, volatile financial markets, participation in new financial strategies, and the greater use of automation technologies will require the Bureau to hire, train, and develop people able to perform effectively in more demanding roles. Where feasible, the Bureau will assign the responsibility for training and development to key staff members.

Key staff members periodically meet with federal regulators to exchange ideas and to resolve issues of mutual concern. The Bureau intends to continue meeting with federal regulators so that we may be prepared to initiate proper responses to potential changes in federal agency approaches to financial institution supervision. Also, Bureau staff will continue to communicate with the accounting profession in order to minimize duplication of work.

A major objective of the Bureau is to help foster economic growth in Michigan. Financial institutions traditionally have played an important role in promoting economic expansion in Michigan by making loans in support of every segment of the state's economy. To further enhance this role, Governor Blanchard has set a high priority on increasing the supply of capital available to emerging and existing companies that have potential to create jobs in the private sector. To this end, the Administration is developing a program that encourages establishment of strategic venture capital investment corporations (SVCIC's). Depository financial institutions, under the program, could invest in SVCIC's which, in turn, would make venture capital investments in new or existing Michigan companies.

The Bureau intends to meet quarterly with the Community Investment Advisory Committee (CIAC), which was formed in December 1980. The role of the CIAC is to review and evaluate the mortgage anti-redlining annual reports as to content and format in order to make recommendations for future reports; to assist the Bureau to interpret the reports' findings on mortgage lending activities; to make recommendations on the enforcement responsibilities of the Bureau regarding Public Act 135 of 1977 and Public Acts 77, 78, 79, 84, 86, 87 and 88 of 1979 (Proposal C legislation); to make recommendations on how the Bureau can work with community groups to get financial institutions to make more mortgage and home improvement loans available in older, urban neighborhoods; to make recommendations as to the proper role of voluntary mortgage review boards in handling anti-redlining complaints and playing a meaningful role in urban reinvestment; and to work with housing coalition groups in achieving the objective of obtaining more federal and state funds for urban reinvestment.

As special problems which demand attention surface, the Bureau intends to establish ad hoc advisory committees to devise possible solutions. Efforts are now underway to establish an advisory committee to review the Sale of Checks Act. The committee will make recommendations in areas such as the adequacy of the bonding requirement, ways to ensure the sufficiency of deposit balances, the adequacy of the net worth requirement, and the need for other consumer protections.

Finally, the Bureau is studying methods of funding its programs. The Bureau is committed to a self-funding approach for all of its programs except mortgage anti-redlining. The Bureau believes financial institutions should be assessed fees sufficient to fully cover the total cost of their supervision and regulation. The mortgage anti-redlining program, with an entirely different focus should, in our opinion, continue to be funded out of the state's general fund.

Greater Role for Financial Institutions in the State's Economic Development

Many observers feel that depository financial institutions could exercise greater influence over the course of the state's economic development. To date, depositories in Michigan generally have not committed a significant amount of their assets to financing new business development. There are several reasons for this, the most obvious of which are legal barriers.

The kind of capital most often needed by new business ventures is investment in equity securities of the new firms, rather than loans which must be repaid in a relatively short period of time. State and national laws severely restrict banks and savings and loan associations in their purchase of equity securities. They cannot purchase stock directly in new business ventures or even in specialized venture capital firms. Barring statutory barriers, fiduciary responsibility for protecting customers' deposits also limits the risk depository institutions can assume in purchasing issues of emerging growth companies.

Most institutions do not employ and cannot afford to employ those rare specialists capable of identifying emerging growth companies whose products, technologies or services are likely to succeed in the marketplace. Some large financial institutions have established small business investment companies staffed with specialists to channel money into emerging growth companies. This mechanism is not widely available to smaller institutions which do not have the necessary resources.

Governor Blanchard hopes to maximize venture capital investment by depository institutions while reducing risks of loss by facilitating the establishment of a new mechanism which would allow institutions to pool their venture capital resources. The original proposal, developed by Bureau staff in mid-1983, would have granted authority to banks, savings and loan associations, and credit unions to invest an amount equal to not more than 10 per cent of their capital and surplus or net worth in equity securities issued by strategic venture capital investment corporations (SVCIC's) licensed by the Michigan Strategic Fund. What the proposal represented was an effort to mobilize modest amounts of funds from financial institutions for the specific purpose of investing in emerging and existing companies and thereby assisting in the State's economic turnaround. The existing mechanisms, e.g., tax-exempt bond issues, currently utilized by the State to raise funds from the private sector, are not suitable for use as venture capital. The kind of capital needed by new business ventures is investments in equity securities issued by the new businesses rather than loans which must be repaid in a relatively short time period. This type of investment is necessarily very risky, but has the potential for substantial returns in the long run if the product or service being provided by the new venture is successful in the marketplace. It is difficult to market tax-exempt revenue bonds if the proceeds are to be used to make such venture capital investments. It is clear that new mechanisms are needed to raise private capital in order to supply the capital needs of emerging growth companies or to finance the needs of established companies with new product ideas. Under the proposal, SVCIC's could use the proceeds of issues of equity securities to make equity investments in new and promising business ventures and new product development which have the potential to create a substantial number of new jobs and assist in Michigan's revitalization and diversification. Every effort was made to insure that the SVCIC's be privately managed companies owned by financial institutions and other investors. Thus, there would be no government involvement in the management of SVCIC's. SVCIC's would actively participate in

management of investee firms in order to protect their investments.

The proposal also would have granted institutions which invested an amount equal to at least 5% of their capital and surplus in SVCIC's, relaxation of loan interest rate ceilings, relief from statutory requirements that assets be pledged to secure deposits of state surplus funds, and certain tax benefits. Consumer and labor organizations, however, were concerned that granting usury relief without additional consumer protections would lead to unfair practices by lenders. Negotiations involving these groups and lenders on new consumer protections in the usury bill slowed in December, but both sides agreed[8] that there was a need for more venture capital in Michigan. The Bureau, therefore, is currently developing a legislative package which would enable depository institutions to participate more fully in supplying venture capital. Although interest ceiling relaxation will not be included in the package, other incentives would be provided to induce depository institutions to provide venture capital for Michigan businesses.

DEVELOPMENTS IN MICHIGAN FINANCIAL REGULATION

Financial Services Deregulation

During 1983, the trend toward deregulation of financial services continued at both the state and national levels. As financial institutions began to examine the potential for growth in offering insurance and discount brokerage activities, South Dakota, the first state to court credit card issuers by removing interest rate ceilings on credit in 1983, adopted a new law permitting charter or acquisition of a South Dakota bank which could engage in insurance activities in the other 49 states.

Congress is now considering a bill which would permit financial institutions to sell insurance under certain conditions. At year-end 1983, there were three bills pending in the Michigan Legislature covering both sides of the insurance agent/financial institution issue. House Bill 4722 and Senate Bill 366 would prohibit financial institutions from being licensed as insurance agents. These bills are supported by the insurance industry which believes that lenders would have an unfair advantage in selling homeowners insurance to mortgage customers and auto insurance to new car buyers. Senate Bill 368, on the other hand, would permit banks to engage in insurance activities. Consumer groups are concerned that if financial institutions are authorized to engage in insurance activities, a lender might condition its approval of a credit application on the borrower's purchase of insurance from the lender.

Commissioner Kuthy, in response to the pending legislation, wrote a letter to the Chairperson of the House Committee on Insurance requesting that the Committee postpone action on House Bill 4722 or any other similar legislation until the issue had been reviewed by the interdepartmental Cabinet Council or by a legislative study committee. The Commissioner recommended this approach so that the significant policy issues presented by the broadening of powers of financial institutions would receive maximum input from interested parties which would include several state departments. Amid the turmoil surrounding the trend toward the deregulation of financial institutions and the issue of their diversification into new activities such as insurance, the Senate passed Senate Concurrent Resolution No. 352 to create a special committee to study the regulation of financial institutions. The special committee would have consisted of five members of the Senate and five members of the House and would have functioned during the 1983 and 1984 Regular Sessions of the Legislature. Unfortunately, the Michigan House did not act on the Resolution and as a consequence, the issue has not yet been addressed in a comprehensive manner by the Legislature.

Rulings by the Federal Reserve Board and Comptroller of the Currency have enabled banks and bank holding companies to offer discount securities brokerage services. Banks providing this service buy and sell securities on the instructions of their customers, but do not provide investment advice and thus are able to charge lower fees than full service brokers. The securities industry has pressed lawmakers to subject discount brokerage activities to regulation by the Securities and Exchange Commission (SEC). The SEC has responded by proposing new rules to govern discount brokers. In addition, the Investment Company Institute and the Securities Industry Association have filed suits against the Comptroller of the Currency and the Board of Governors of the Federal Reserve System regarding their rulings on the discount brokerage issue.

Resolution of the insurance question is particularly urgent, since several state-chartered savings and loan associations have applied to acquire existing insurance agencies. The largest Michigan savings and loan association filed an application to acquire two Flint area insurance agencies. Twenty-nine insurance agencies in Flint filed suit to block the takeover and the application was withdrawn. In addition, the Michigan Savings and Loan League (Michigan League of Savings Institutions) conducted a study of insurance activities for savings and loans and their service corporations.

The Nonbank Issue

During 1983, the "nonbank" bank issue gained national prominence. Loopholes in the bank holding company act, which defines a bank as an organization which accepts demand deposits and makes commercial loans, have allowed an entity acquiring or establishing a bank that does not perform one of these functions (more often commercial lending) to avoid regulation as a bank holding company and also to avoid restrictions on interstate banking. A number of organizations took advantage of this loophole in 1981, 1982 and early 1983 to acquire banks. Dimension Financial Corporation, for example, last year filed an application with the Comptroller of the Currency to establish 31 federally-chartered "nonbank" banks in 25 states, which would have created one of the most widespread banking organizations in the country. The banks would not make commercial loans. The Independent Bankers of America sued the Comptroller of the Currency to prevent it from holding necessary regulatory hearings and thereby to prevent approval of the application and establishment of the "nonbanks."

In a related development, on April 5, 1983, Comptroller of the Currency, C. T. Conover, announced a moratorium on the chartering of "nonbank" banks. The Comptroller stated that during the moratorium, which was to run to January 1, 1984 (subsequently extended to March 31, 1984), his office would continue to accept new charter applications for "nonbank" banks, but would not issue decisions on such applications while the moratorium remained in effect. Nor would the moratorium apply to the charter applications that had been accepted as of April 6, 1983.

In a separate action, on December 14, 1983, the Federal Reserve System moved to narrow the "nonbank" bank loophole by redefining demand deposits and commercial loans in the definition of "bank". Demand deposits was redefined to include both NOW and SuperNOW accounts. Also, the definition of commercial loans was expanded to include the purchase of commercial paper, large certificates of deposit, and bankers acceptances, and the sale of federal funds.

Proposals for a Statutory Moratorium and New Powers Legislation

The rapid changes occurring in the financial industry triggered several proposals in Congress to establish a temporary moratorium on cross-industry acquisition of depository financial institutions and on new state and national laws which would contribute to further blending of financial with nonfinancial business activity. The intent of moratorium proponents was to give Congress time to act in an orderly fashion on the "revolutionary" changes occurring in the financial services industry.

While Congress did not adopt these proposals, it did recognize the urgent need for a comprehensive review of laws governing financial institutions' structure and powers, the securities industry and the insurance industry. Late in the year, an omnibus measure was introduced in Congress to deal with the fading distinctions between securities brokerage, banking and insurance; interstate financial services; and "nonbank" banks. The bill's sponsors said the bill is intended primarily to provoke serious discussion of the major issues, and that it will likely undergo substantial change before adoption. Senate Bill 2181 would permit a bank holding company or savings and loan holding company to hold shares of a company which engages in activities of a financial nature, insurance underwriting or brokerage, and real estate investment, development or brokerage. It would allow acquisition or formation of "depository institutions securities affiliates" to engage in securities brokerage activities. Consumer protections would guard against the unfair practice of selling insurance to a borrower as a condition of granting a loan and would impose new disclosure requirements on consumer leases.

A fair deposit availability title in the bill would require that a depository institution disclose its policies on holding deposited checks before making them available for withdrawal by the depositor and would require that interest be paid during the hold period if the account is an interest bearing account. It also would expedite notification of the institution at which a NSF check was originally deposited. Another title would

repeal prohibitions on payment of interest on demand deposits.

The "credit deregulation" title would pre-empt state-imposed interest rate ceilings on business and agricultural credit unless within three years following enactment the state adopted a law explicitly overriding this pre-emption. This title also would pre-empt, subject to state override within three years, state ceilings on interest rates, fees and charges relating to extensions of consumer credit made by depository institutions and licensed lenders. The bill attempts to curb the fast-growing fraudulent use of credit cards and imposes new penalties for fraudulent use of debit cards.

Finally, the bill would attempt to resolve questions regarding constitutionality of reciprocity requirements in state laws permitting interstate operation of financial institutions by specifically authorizing such provisions.

Due-on-Sale Regulations of the Comptroller

In accordance with authority granted in the Garn-St. Germain Depository Institutions Act of 1982 (DIA), the Comptroller of the Currency has issued regulations which accelerate by 18 months national banks' ability to enforce due-on-sale clauses in certain mortgages they hold. Under the DIA, mortgages entered and property transferred between (in Michigan's case) January 5, 1977 and October 15, 1982 may be sold or transferred at any time before October 15, 1985 without triggering due-on-sale enforcement, unless the prospective purchaser does not meet the mortgage holder's current criteria. The Comptroller's regulations, however, permit enforcement by national banks of due-on-sale clauses in such mortgages on property sold after April 15, 1984. The Comptroller's regulation permits national banks before April 15, 1984, to increase the interest rate up to a "blended" rate which is a rate at or below the average of the contract rate and the market rate in the event of a sale or transfer of the property.

Further Deregulation of Depository Interest Ceilings

A new account (SuperNOW) became available effective January 5, 1983, with a minimum initial and average balance requirement of $2,500. Of greater significance was that a depository institution could pay any rate of interest on such accounts if certain conditions were met. Moreover, only individuals, nonprofit organizations operated primarily for religious, philanthropic, charitable, educational, fraternal and other similar purposes, and governmental units are eligible to own the new accounts.

In a separate action (also effective on January 5, 1983), the Depository Institutions Deregulation Committee (DIDC) removed the rate ceiling on 7- to 31-day time deposits and lowered the minimum denomination requirement on this account, and on the 91-day time deposit and 26-week money market certificate, to $2,500. The previous minimum denomination requirements on these deposits were $20,000, $7,500, and $10,000, respectively. In part, this action was taken because the interest rate ceiling on the 7- to 31-day account was not needed in the wake of the establishment of the money market deposit account (authorized in 1982), which institutions could offer for similar time periods.

Effective October 1, 1983, the DIDC eliminated all interest rate ceilings on (1) time deposits with original maturities or required notice periods of more than 31 days, and (2) time deposits of $2,500 or more with original maturities or required notice periods of seven to 31 days. The DIDC also eliminated other regulations on time deposits except for the minimum early withdrawal penalties, a minimum denomination of $2,500 for ceiling-free time deposits with original maturities or required notice periods of seven to 31 days, the ceiling on time deposits of less than $2,500 with original maturities or required notice periods of seven to 31 days, and the requirement of a one percentage point differential between a loan rate and the rate on a time deposit securing a loan. The DIDC also established new minimum early withdrawal penalties. For time deposits with original maturities or required notice periods

of 32 days to one year, loss of one month's simple interest, and for time deposits with original maturities or required notice periods of more than one year, loss of three months' simple interest.

The new regulations, effective on October 1, 1983, applied only to accounts opened, renewed, or extended on or after October 1, 1983.

Greater Role for Depository Institutions in Economic Development/Venture Capital

Governor Blanchard recognizes that participation by state financial institutions will be a major determinant of the success or failure of his economic revitalization efforts. Thus, the Financial Institutions Bureau has been directly involved in negotiations concerning the venture capital part of his economic development package.

As originally proposed, the venture capital package would have permitted the Michigan Strategic Fund to license several strategic venture capital investment companies (SVCIC's). These would be privately managed venture capital companies owned by depository financial institutions and other investors. The package would have granted depository financial institutions incentives, including interest ceiling relaxation and relief from asset pledging requirements to secure deposits of state surplus funds, if they invested a minimum of 5% of their capital and surplus or net worth in one or more SVCIC's. The SVCIC's would, it was anticipated, control a pool of venture capital large enough to attract many businesses to the state and encourage expansion and new product development by existing Michigan firms. They would make equity investments in emerging growth companies and existing companies with promising product ideas in an effort to diversify the state's economic base. This type of investment is necessarily very risky but has potential for large returns to the investor in the long run if the product or service that is being produced by the new venture is successful in the marketplace. Present state and national laws severely limit bank and savings and loan purchases of equity securities. They may not now purchase stock in either new business ventures or in specialized venture capital firms.

From the outset, consumer and labor organizations expressed concern that usury relaxation without new consumer protections would result in increased use of variable rate consumer and secondary mortgage loans, and in lending practices they perceived as unfair. One such protection would be to require that more and better information be made available to consumers to enable them to shop for the best credit terms. Extensive negotiations were held involving these groups and the financial industry. While all parties agreed that more venture capital was needed in Michigan, the negotiations on the interest relaxation part of the package slowed in December.

Interstate Financial Operations

With few exceptions, for many years interstate operation of financial institutions has been proscribed. The Federal Bank Holding Company Act, for example, prohibits a bank holding company from owning a bank located outside its home state unless the law of the state in which the bank is located specifically authorizes such an acquisition. Another federal law prohibits branching in states other than a bank's home state, unless there is specific statutory authority for such branching in the second state. A number of states last year adopted laws permitting out-of-state bank holding companies to purchase existing banks or to establish new banks. In some cases, the laws restrict the activities in which the new bank may engage or the extent to which it may compete with local banks. A good example is South Dakota, which last year chose to permit out-of-state holding companies to purchase or establish banks to engage in insurance activities. However, these banks may not sell insurance in South Dakota. Another condition common to many of the interstate banking laws is a "reciprocity requirement." That is, an out-of-state holding company may enter a state only if a holding company in that state could charter or acquire a bank in the home state of the out-of-state holding company. Some states in the New England area have mutually agreed to allow interstate banking activity but only among themselves. Such regional

reciprocity has been challenged in two lawsuits on the grounds that such requirements violate provisions of the United States Constitution.

Foreign Banking

A foreign banking bill passed the Senate and, at year end, was pending in the House. Senate Bill 187 would permit foreign banks to operate agencies in Michigan. Agencies would not be permitted to accept deposits. Their main activity would be commercial lending. The bill is a priority of the Bureau because it is intended to attract new capital for investment purposes into this state. Regulators in states which permit foreign banks to establish offices report that foreign banks have invested in their states and that the presence of foreign banks in a state can be attractive to foreign firms looking to establish U. S. operations. The Bureau believes that the bill could help to create jobs for Michigan residents.

Electronic Fund Transfer (EFT) Activities in Michigan

As in the past two years, the Bureau obtained information on EFT systems through questionnaires mailed to state-chartered depository financial institutions, bank holding companies, and selected federally-chartered institutions. Of the 132 unaffiliated state-chartered banks surveyed, 123, or 93.2% of the total, responded to the survey. Subsidiary banks of one-bank holding companies were treated as unaffiliated banks in compiling the results. Of the 21 multi-bank holding companies, 19 (accounting for 173 banks) responded to the questionnaire. Seventeen of the 20 state-chartered savings and loan associations responded to the survey. Of the 515 state credit unions, 461, or 89.5% of the total, filed responses. The Bureau also conducted a telephone survey of all federal savings and loan associations. Both major non-financial institution providers, MAC-LINK, Inc. and QUANTUM Network (formerly ANYTIME TELLER) supplied information on their shared networks.

Responding depository financial institutions in Michigan, at year-end 1983, owned or leased 1,829 automated teller machines (ATMs) as compared to 1,321 ATMs owned or leased as of year-end 1982. Of this total, 1,659, or 90.7%, were on the premises of the financial institution and 1,570, or 85.8%, were shared. Multi-bank holding companies reported that their subsidiary banks owned or leased 1,292 ATMs, of which 1,126 were on-premise and 166 off-premise. Bank holding companies reported that 1,165 ATMs which their subsidiary banks owned or leased were shared. Of the 1,165 ATMs, 809, or 69.4%, were shared by only their affiliates. There were 1,074 ATMs deployed by bank holding companies which were part of MAGIC LINE. In addition to ATMs, bank holding companies reported that they deployed 706 staffed terminals (terminals at which a teller routinely assists the customer complete a transaction) at year-end 1983, as compared to 1,146 one year earlier.

Automated Teller Machines (ATMs)
Owned or Leased By
Responding Depository Financial Institutions

	12/31/82	12/31/83
Number of ATMs	1,321	1,829
On-Premise	N/A	1,659
Off-Premise	N/A	170
Shared	1,061	1,570
Unshared	260	259

Two of the major shared networks, MAGIC LINE, provided by MAC-LINK, Inc. and QUANTUM Network, provided by ACT Systems, Inc. continued to grow. At year end, MAGIC LINE had 202 members (123 banks, 10 savings and loan associations, and 69 credit unions) as compared with 189 one year earlier. QUANTUM Network saw its membership increase by 13 institutions during 1983 to 53 (5 banks, 46 credit unions, and 2 savings and loan associations). The MAGIC LINE Network was hooked into 1,450 ATMs, of which about 1,305 were on-premise and 145 off-premise. These figures compare with 895 ATMs (757 on-premise and 138 off-premise) which were part of MAGIC LINE at year-end 1982. The number of staffed EFT terminals in the MAGIC LINE system increased from 372, as of year-end 1982, to 530 at year end. QUANTUM Network had 75 ATMs (up from the year earlier total of 44) of which 60 were on-premise.

At year end, unaffiliated state banks reported that they owned or leased 107 ATMs, down from 163 reported one year earlier. Savings and loan associations (state and federal) had 80 ATMs at year end, or 35 more than they reported at year-end 1982. State credit unions deployed 49 ATMs at year end.

Multi-bank holding companies reported that 30 of their ATMs were linked to an interstate system. Several financial organizations indicated that they plan to join an interstate network in 1984.

Attorney General Opinions

The Attorney General issued several opinions on matters of interest to financial institutions in 1983, of which three are summarized below:

Rate of Interest a Corporation Can Charge Its Customers

January 5, 1983

In this informal opinion, the Attorney General opined that if the seller of goods or services on credit provides a buyer with two prices, one representing the cash price for the goods and the other a delayed price, the sale constitutes a time price differential transaction which is exempt from the state's usury laws. As a corollary to this general opinion, the Attorney General stated that a wholesale supplier legally could charge a corporate customer an unlimited time price differential if the buyer is given a choice between a cash price and a deferred price.

Vote Needed to Enact Amendment to Banking Legislation

#6115 January 10, 1983

Attorney General Kelley stated that legislation to amend a statutory provision regulating the activities of several types of lenders generally, and not banks exclusively, could be enacted by a majority vote of the members of each house of the Legislature. The opinion came in response to questions involving the effect of amendments to acts limiting the rates of interest which various types of lenders could charge. One question asked whether the inclusion of the words, "a state or national bank" in a bill (HB 4855) amending the Usury Statute had the effect of amending the law regarding interest rate ceilings for banks in a way that requires a two-thirds vote of the members of each house of the Legislature.

Credit Life Insurance - Most Favored Lender

#6133 March 4, 1983

Attorney General Kelley stated that banks, federally insured savings and loan associations, and federally insured credit unions, by virtue of the most favored lender authority under federal law, may use the maximum rates and credit insurance premiums permitted in the Motor Vehicle Sales Finance Act (MVSFA). Such federally insured lenders, therefore, could receive credit insurance premiums, as well as the finance charges permitted under the MVSFA without regard to the limitation on the receipt of credit insurance premiums set forth in section 4416 of the Insurance Code of 1956. OAG #6133 was the sequel to an earlier opinion (OAG #6034 issued in January of 1982 interpreting section 4416). In the earlier opinion, the Attorney General stated that section 4416 limits the combination of credit life insurance premiums and interest charges on a loan to the maximum rate of interest permitted by law. OAG #6034, however, did not apply to credit transactions under the Motor Vehicle Sales Finance Act and other retail finance acts since those acts specifically authorized the charging of insurance premiums in addition to interest authorized by the acts. In OAG #6133 the Attorney General noted that "the advantage retail sellers enjoy in financing such products as automobiles by not being subject to section 4416 of the Insurance Code of 1956 is precisely the effect Congress sought to prohibit in giving all federally insured lenders 'most favored lender' status." Under the most favored lender authority, insured depository institutions are permitted on any loan to charge the highest rate allowed for competing lenders and creditors by the laws of the state in which the institution is located.

Earnings and Growth of Financial Institutions

In 1983, net after-tax income of state banks was $218,999,000, or 32.1% above the year earlier total of $165,730,000. Net income as a percent of average assets in 1983 climbed to .76%, up from .62% in 1982 and .57% in 1981. Total assets of state banks as of year end stood at $29,923,039,000, or 8.8% above the total assets reported one year earlier.

The earnings of state savings and loan associations edged higher in 1983, to $48,133,000 because of restructuring and relatively stable interest rates. The comparable earnings figures reported for 1982 and 1981 were $3,674,000 and -$46,780,000, respectively. Earnings for 1983 amounted to a rate of return on average assets of 1.40%, up from .11% posted in 1982 and -1.08% reported in 1981. Associations reported restructuring income of $19,752,000 in 1983 as compared to the $34,278,000 reported for 1982. Thus, even without the restructuring income, associations had earnings of $28,381,000 in 1983. The 1982 total for earnings, net of restructuring income, was -$30,604,000. Associations had gross operating income (mainly interest and loan fees) of $316,818,000 while their cost of funds totalled $266,337,000. Total assets of state-chartered savings and loan associations at year end were $3,558,324,000, up 7.8% from the previous year.

State-chartered credit unions had retained earnings of $16,665,000 in 1983, down slightly from the 1982 figure of $17,065,000. Retained earnings expressed as a percent of average assets were 0.53% in 1983 as compared to .62% in 1982 and .60% in 1981. Total assets of state-chartered credit unions at year end stood at $3,309,223,000, or 12.9% above the total assets at year end of 1982.

SIGNIFICANT ORDERS

IN RE: Application of ANN ARBOR TRUST COMPANY, Ann Arbor, Michigan
to consolidate with The Citizens Bank of Saline, Saline, Michigan
under the charter of Ann Arbor Trust Company and under the name of Citizens Trust

On January 3, 1983, Ann Arbor Trust Company, Ann Arbor, Michigan applied for the commissioner's approval to consolidate with The Citizens Bank of Saline, Saline, Michigan under the charter of Ann Arbor Trust Company, and under the name of Citizens Trust. The application provides that all offices of both banks will remain in operation.

Pursuant to the requirements of section 125 of the banking code of 1969, as amended; MCLA 487.301; MSA 23.710(1), the commissioner has examined each of the institutions and the proposal to consolidate. The commissioner finds, based upon these examinations, that preliminary approval of the application may be granted. Final approval shall be conditional upon shareholder approvals, compliance with procedural requirements, and filing of the consolidation agreement with the commissioner.

In the process of reviewing the application for a preliminary decision, the commissioner has recognized a significant legal issue which the applicant has requested the commissioner address as a declaratory ruling pursuant to section 63 of the Administrative Procedures Act of 1969, 1969 PA 306, Section 63, MCLA 24.263, MSA 3.560(163). Ann Arbor Trust Company (Ann Arbor) has applied to consolidate with The Citizens Bank of Saline (Saline) with the resulting bank being headquartered in the City of Ann Arbor at the present site of Ann Arbor's main office. Ann Arbor, as part of the application to consolidate, also applied for approval to operate the present main office and two branches of Saline as branches of the consolidated bank. Saline now has its main office in the City of Saline where the main office of Manufacturers Bank of Saline is also located. Saline's main office and its two branches are all within the same county as Ann Arbor and are all within 25 miles of Ann Arbor's present main office. The legal question thus presented is whether the consolidated bank may continue to operate the present main office of Saline as a branch.

The commissioner, on May 18, 1983 mailed copies of a Proposed Declaratory Ruling and Order of the Commissioner to the banks in the area of the proposed consolidation, to the Michigan Bankers Association and to the Michigan Association of Community Bankers. The letter which accompanied the Proposal requested, within 30 days, written comments and observations pertaining to the legal issue only.* The two associations then circulated the Proposal and the request for comments to their respective members. Subsequently, at the request of the Michigan Association of Community Bankers, the time period for comment was extended to July 2, 1983.

Several comments were received from banks and bank counsel. Those comments are summarized and discussed below. All of the comments have been made a part of the public record and will be made available for inspection or copying upon request.

The cardinal rule of statutory construction is to determine and effectuate the intent of the legislature. Chapentier v Canteen Corp., 105 Mich App 700 (1981). To ascertain the legislature's intent, the commissioner must first review the specific language of the pertinent provision, giving all of the terms their plain and ordinary meaning in the absence of a contrary legislative intent. Lamphere Schools v Lamphere Federation of Teachers, 400 Mich 104 (1977); Smith v Elliard, 110 Mich App 25 (1981). When an

*There was publication of the notice of the filing of the application to consolidate pursuant to the requirements of section 30 of the banking code, supra. No comments were received within the statutory period allowed for protesting the application.

ambiguity is found in a statutory provision, thus allowing alternative interpretations, the courts generally refer to any factors which may advance the most probable and reasonable legislative intent. Elliard, supra at p. 30; Chapentier, supra, at 704-705.

In addition to section 125 of the banking code (Code) supra, sections 126 through 129 apply to the consolidation application, and, by reference, section 171 applies to that portion of the application relating to the operation of Saline's offices as branches of the consolidated bank. A copy of the relevant sections of the Code is attached hereto as Appendix A. Section 125 of the Code, in essence, authorizes the consolidation of banks and sets forth the criteria for approval and the procedures to be followed. Section 126, in part, provides that, upon approval, ". . . the corporate existence of each consolidating organization shall be merged into and continued in the consolidated organization which shall be deemed to be the same corporation as each of the consolidating organizations, possessing all the rights, interests, privileges, powers and franchises and being subject to all the restrictions, disabilities and duties of each of the consolidating organizations".

The foregoing provisions appear to indicate the parts cannot be less nor more than the whole. However, section 129, according to traditional interpretation, limits the "rights, interests, privileges, powers and franchises" of the two consolidating banks to the extent that all offices of the consolidating bank (that bank which is not the resulting bank) must be requalified under section 171 branching provisions that are effective at the time of consolidation. It might be argued that this is not unfair because all the "restrictions, disabilities and duties" of each of the banks before consolidation would currently bar Ann Arbor from establishing a branch in the City of Saline. If this is the case, section 129 appears redundant and without significance. Certainly Ann Arbor cannot branch directly into Saline, so section 129 must have some other significance. However, it is not clear from the language of section 129 just what it does mean. An understanding of the historical context does not help because the ambiguity increases when the section is reviewed in this manner.

Act 341 of The Public Acts of 1937 (1937 Recode), in pertinent part of section 114, provided:

> "Notwithstanding the provisions of any law to the contrary, any consolidated bank resulting from the consolidation of two or more state banks or any one or more banks or trust companies, as provided for in section one hundred four of this act, and any state bank or national banking association which purchases the assets of a state bank, as provided for in section one hundred twelve of this act, may, with the written permission of the commission, establish and operate as a branch or branches the consolidating bank or banks or any bank which sells its assets to another state bank or national banking association, as provided in section one hundred twelve of this act: Provided, however, That the commission shall not grant such permission unless the unimpaired capital of the consolidated or purchasing bank or association is at least fifty thousand dollars, and the capital and surplus of such bank or association is in an amount at least equal to the aggregate minimum capital and surplus, respectively, required for the establishment of a bank in each of the various places where such bank or association and its branch or branches are to be located, and the commission is satisfied as to the sufficiency of the capital and surplus of such bank or association, and the necessity for the establishment of such a branch or branches, and the prospects of successful operation if established." 1937 PA 341, Section 114. (Emphasis added.)

Section 34 of the 1937 Recode, relating to branching, had similar provisions relating to capital adequacy, necessity, and prospects for a successful operation. However, it also included geographic limitations not otherwise set forth in section 114 of the Recode. Section 34 provided that:

"Any bank having a capital of at least fifty thousand dollars may establish and maintain branches within any village or city other than that in which it was originally chartered upon obtaining permission in writing from the commission. The commission shall not grant such permission unless the bank has capital and surplus in an amount at least equal to the aggregate minimum capital and surplus, respectively, required for the establishment of a bank in each of the various places where such bank and its branches are to be located and unless the commission is satisfied as to the sufficiency of the capital and surplus of the bank, the necessity for the establishment of such a branch and the prospects of successful operation if established: Provided, however, That in such cases where the parent bank has its principal office in a city having a population of seventy-five thousand or over according to the last federal census, such permission may be granted for the establishment of a branch bank only if such branch is to be within the same county as said parent bank or within twenty-five miles of the principal office of said parent bank: Provided further, That no branch bank shall be established in a city or village in which a bank is in operation. Such permission shall not be granted if the establishment of such branch would result in more than one bank or branch bank to each three thousand population in the city or township where such branch is proposed to be located.

Any bank may, with the approval of the commission, establish and operate a branch or branches within the limits of the city or village in which said bank is located. No branch or branches of any such bank shall be moved from one location to another within the same city or village without first obtaining the consent and approval of the commission. The commission shall not grant such permission unless it is satisfied as to the necessity for the establishment of such a branch and the prospects of successful operation if established." 1937 PA 341, Section 34.

In the years following the enactment of section 114, two banks could merge or one could purchase another, with all offices being maintained if there was adequate capital, necessity for the branch or branches, and prospects for a successful operation. However, if a bank wanted to branch under section 34, all of the above, plus the same county, the 25 mile and home office protection limits, applied.

In 1945 PA 73, sections 34 and 114 were amended to read as follows:

"Sec. 34. Any bank having a capital of at least $50,000.00 may, with the written approval of the commission, establish and operate a branch or branches within a village or city other than that in which it was originally chartered: Provided, That the village or city in which it is proposed to establish and operate a branch is located in the same county in which the parent bank has its principal office or, if not in said county, then within 25 miles of said parent bank or in a contiguous county at a point more than 25 miles from the parent bank, if such county has no bank: Provided further, That no such branch shall be established in a city or village in which a state or national bank or branch thereof is then in operation: Provided further, That the commission shall not grant such approval unless the parent bank has capital and surplus in an amount at least equal to the aggregate minimum capital and surplus, respectively, required for the establishment of a bank in each of the various places where such bank and its branches are to be located and unless the commission is satisfied as to the sufficiency of the capital and surplus of the bank, the necessity for the establishment of such branch or branches and the prospects of successful operation if established.

Any bank may, with the written approval of the commission, establish and operate a branch or branches within the limits of the city or village in which said bank is located: Provided, That the commission is satisfied as to the necessity for the

establishment of such branch and the prospects of successful operation if established. No branch of any such bank shall be moved from 1 location to another within the same city or village without the written approval of the commission.

Section 114. The liability of any bank or of the shareholders, directors, or officers thereof, or the rights or remedies of the creditors thereof, or of persons transacting business with such bank, shall not in any way be lessened or impaired by virtue of the sale of all or substantially all of the assets thereof, or by the consolidation or merger of 2 or more institutions under the provisions of section 104 of this act, or by the consolidation of a state bank with a national banking association, as provided for in section 108 of this act, or the conversion of a state bank into a national bank as provided for in the national banking laws and any amendments thereof, and section 113 of this act, or by an increase or decrease of the capital stock of any bank.

Subject to the requirements, restrictions and limitations of section 34 of this act, any consolidated bank resulting from the consolidation of 2 or more state banks or any 1 or more banks or trust companies, as provided for in section 104 of this act, and any state bank or national banking association which purchases the assets of a state bank, as provided for in section 112 of this act, may with the written permission of the commission, establish and operate as a branch or branches the consolidating trust company, bank or banks or any bank which sells its assets to another state bank or national banking association, as provided in section 112 of this act." 1945 PA 73, Sections 34 and 114.

Thus, section 114, the predecessor to the current section 129, was amended to change the criteria for establishing branches in consolidations from "Notwithstanding the provisions of any law to the contrary", to "Subject to the requirements, restrictions and limitations of" the branching section. A close reading of both the original provisions and the amended sections indicates that the establishment of a branch by a consolidated bank is subject not only to the prospects, necessity and capital requirements, but also to the so-called home office protection rule and geographical limitations.

It is interesting to note that even in the original provision where apparently no law was to be to the contrary, the establishment of consolidated bank offices as branches was subject to requirements relating to capital, necessity for establishment of the branch or branches and prospects of a successful operation if established. Indeed, it would appear that the geographic and home office protection limitations of the branching statute were the significant additions to the prerequisites for establishing such a branch when section 114 was amended in 1945.

The 1945 amendment was designed primarily to prohibit state-wide branching through merger or consolidation. The February 7, 1945 issue of Michigan Tradesman, a twice monthly publication which had for several years editorially supported the 1945 legislation, described the legislation as having a three-fold impact. According to the publication, the bill: "1) Restricts banking mergers on a state-wide basis. But does not interfere with branch banking facilities where needed on a city-wide or county-wide basis; 2) Prevents pyramiding of bank assets and management. This evil, if allowed to continue, would eventually annihilate banking facilities in a great number of small counties and villages in Michigan; 3) Forbids concentration of banking power. Monopoly banking places too much power in the hands of too few men." There were many other like stories concerning the legislation which lead the reader to conclude the primary purpose of the amendatory legislation was to prohibit state-wide branching through the vehicle of merger or consolidation.

Assistance in interpreting section 171 is provided by OAG 1955 No. 2304, p. 541 (October 17, 1955) which concluded that in a situation similar to the instant application, the main office of the bank which is not the

resulting bank cannot be continued as a branch. The October 17, 1955 Opinion of the Attorney General does not, in any way, mention a 25 mile geographic limit as being important. Instead, the Opinion relies entirely on the fact that, in a consolidation, one of the consolidating banks is the consolidated or surviving bank which must then reestablish, or establish anew, all of the offices of the other bank. The Opinion, in effect, concludes that only in circumstances where there is but one bank in the incorporated area may the consolidated bank maintain the main office of the other bank since only then would the restrictions and limitations of section 114, now 171, be satisfied.

This is concluded even though the Attorney General, in OAG 1955, No. 2299 (October 14, 1955) at page 536 said:

> "The legislative history of Section 34 indicates that there has been a considered effort on the part of the legislature to restrict branch banking. The case of Attorney General v. Michigan National Bank, 298 Mich. 417, construed Section 34 of the act in light of Section 114 of the act and decided that branch banks could be established through the means of consolidation of banks even though the resulting branches were located in municipalities more than twenty-five miles distant from the parent. As a result of this case, the legislature by Act No. 73, P. A. 1945, amended Section 114 so as to prevent the establishment of branch banks by means of consolidation when such branches would be beyond the twenty-five miles limitation provided in Section 34. In view of this action of the legislature, it would appear that the intent of that body would be to give a restrictive interpretation of section 34". (Emphasis added.)

In the 38 years since the amendment which made consolidations subject to the branching restrictions, and in the 28 years since the Attorney General confirmed that fact as indicated above, the combination of population mobility, economic growth, and bank holding company activity has caused a proliferation of banks and branch banks to the point where it is difficult to find a situation that will allow two banks to merge or consolidate without closure of a main office. Even if legal restrictions, as presently applied, and the practical results of those restrictions could be overcome, then it is highly likely that the United States Department of Justice, or one of the federal bank regulators, would object on the grounds that anti-competitive effects would result.

Thus, we have not only stopped state-wide branching through the vehicle of consolidation, but we have very nearly stopped all consolidations. In order for a consolidation of two banks to take place, the banks must be in the same county or within 25 miles of each other. The consolidating bank must be in an unincorporated area or in an incorporated area where there is no other bank or branch in operation. Alternatively, the consolidated bank must be willing to give up or close the main office and all branches of the consolidating bank in the incorporated area. Finally, the United States Department of Justice will look at this transaction to see if it has any effect on competition.

In 1969, the banking laws in Michigan were recodified in PA 319. The relevant portion of the prior section 114 is now contained in section 129 of the code (Appendix A). As recodified, section 129 is very confusing. Because it does not contain internal symmetry, a literal reading of the statute could lead to the conclusion that a consolidated bank or a purchasing bank may, subject to section 171, establish and operate acquired or purchased organizations as branches. In other sections of the code, the word bank or national banking association is used to refer to a state or national bank. Here we have not only some confusion over how a bank that is the consolidating bank is to be treated but it seems that consolidated banks or purchasing banks may, within limitations, establish "organizations" as branches. Bankers and regulators alike must struggle to understand the meaning of this section.

Where the literal reading of the statute results in ambiguity or clearly unreasonable requirements, it becomes necessary to attempt to determine legislative intent.

Reviewing the legislative journals, newspaper and magazine clippings and court cases, it appears that the overriding concern of the legislature, was to clearly prohibit state-wide branching through consolidations. Prior to 1945, many persons were concerned that a bank could achieve a state-wide branching system by merging with other banks in spite of the fact that a bank could not establish such a branch system directly under the branching laws. The 1945 amendment attempted to address that concern. However, the intent of the legislature was not to restrict consolidations to the point of prohibition. Clearly that could have been done at any time by simply repealing the authority to consolidate two or more banks.

Shortly after the 1969 recodification, the legislature granted corporations the authority to purchase bank stock and the banking code was amended in 1972 to allow bank holding companies to acquire existing banks or to establish de novo banks. Many people argue this legislative action has allowed state-wide branching via the organization and operation of a multi-bank holding company.

In a society where inter-state and inter-industry mergers are taking place, it is difficult to justify the restrictive position first enunciated in 1955. While most of this merger and acquisition activity is currently justified primarily on the basis that weak or failing institutions are thus prevented from becoming large liabilities for the deposit insurance agencies, a restrictive interpretation of section 129 does not even allow this flexibility to the commissioner.

Moreover, it cannot be overlooked that the administrative policy concerning bank expansion was significantly altered by 1969 PA 319. As the Court of Appeals noted in Ann Arbor Bank & Trust Co. v Commissioner of the Financial Institutions Bureau, 85 Mich App 131, 145, 146 (1978):

> "In enacting the Banking Code of 1969, the legislative hearings appeared to assume a policy of pro-competition. * * * We believe the clear implication of the statute is to afford the commissioner wide discretion in promulgating policy. We find no abuse of discretion in his adopting a more pro-competition policy for branch banks; on the contrary, for the reasons indicated, we perceive no error of law in the commissioner following such a policy".

Finally, section 129, successor to section 114, pertains to a consolidated bank whereas sections 125 and 126, successors to sections 104 and 105, pertain to banks' power to consolidate and their rights and responsibilities upon consolidation.

A more appropriate reading of the statute appears to be that once a consolidation between two banks has taken place under the current section 125, the consolidated bank must, pursuant to section 129, look to the limitations of section 171. This interpretation: 1) appears to comply with the legislative intent to prohibit state-wide branching; 2) gives independent meaning to section 129 of the code; 3) allows consolidations to take place, whereas to hold otherwise would effectively preclude consolidations in today's multiplex system; and 4) serves the purpose for which consolidations were originally recognized; i.e., allows one or more banks to combine to make an institution stronger and more capable of serving its community.

Section 126 provides that when two banks consolidate:

> ". . . the corporate existence of each consolidating organization shall be merged into and continued in the consolidated organization which shall be deemed to be the same corporation as each of the consolidating organizations, possessing all the rights, interests, privileges, powers and franchises and being subject to all of the restrictions, disabilities and duties of each of the consolidating organizations. All and singular the rights, interests, privileges and franchises of each of the consolidating organizations and all property, real, personal and mixed, and all debts due to any of the consolidating organizations on whatever account, shall be transferred to and vested in the consolidated organization without any deed or other transfer

and without any order or other action on the part of any court or otherwise, . . ." (Emphasis added).

The strict anti-competitive interpretation requires the closing of the currently operating main office of the consolidating bank notwithstanding the provisions of section 126 which clearly and specifically give the consolidated organization all of the rights and privileges of the consolidating organizations. The right to continue to operate a banking office is one of the rights and privileges transferred to the consolidated organization "without . . . any order or other action on the part of any court or otherwise". Requiring the consolidated organization to go through the administrative procedure or "other action" for the opening of a new branch upon consolidation as a result of a strict and literal construction of section 171 is contrary to the language and purpose of section 126. Forcing an operating main banking office to close as a result of such "other action" also defeats the purpose of section 126. This contravenes the rules of statutory construction that "strict construction of the language of a provision will not be made, when to do so would defeat the purpose of another provision dealing with the same subject area." (citation omitted). Winrick v. City of Warren, 99 Mich. App. 770 (1980).

If one accepts the historical basis for the current language of section 129, it is clear that it is part of the coordinated effort to prohibit state-wide branching through merger. Together, sections 125, 126 and 129 both practically and legally operate to limit mergers or consolidations to situations where the consolidating banks are within 25 miles of each other or are in the same county. Clearly, the legislature, in attempting to prohibit state-wide branching, intended to limit the ability to acquire banking offices through merger or consolidation to the same geographic limits as applicable to branching directly. What is not so clear, because of the ambiguous language of section 129, is whether the legislature intended to apply the so-called home office protection provisions to the merger requirements. As indicated above, this would apparently be too narrow an interpretation.

Section 125 authorizes two banks to consolidate. Section 5(c) of the Code defines a bank as a state banking corporation organized under the banking laws. When a de novo bank is organized, it does not seek both approval of a charter and approval of an office (See section 61 of the banking code). Likewise, the bank, when it relocates its main office pursuant to section 157, does not seek approval of a new office. For these and other reasons, the words bank, and main office or principal office are synonymous in this context. Then, having consolidated under section 125, branches of the consolidated bank must be subject to the requirements, restrictions and limitiations of section 171, as required by section 129.

At this point, it must be reemphasized that the spirit or intent of the restrictions on state-wide branching mandate that consolidations pursuant to section 125 be limited to banks within the same county, within 25 miles of each other, or in a contiguous county at a point more than 25 miles distant if the county does not have banks. However, since there is no need to establish the main office of a bank because it is in this case synonymous with the bank, the provisions of section 171 relating to the home office protection are significantly different from the other geographic limitations.

The language in section 171 relating to branches in the same county, within 25 miles, or more than 25 miles in a contiguous county, relates to the ability of a bank to "establish and operate a branch or branches". In the same section where the provisions relating to home office protection are found, the statute provides that a branch office shall not be "established" in an incorporated area where there is already a bank or branch.

The ultimate conclusion is that a bank is something different from a branch, and that consolidated banks must look to section 171 requirements, restrictions and limitations when "establishing" branches, but must look to other limitations when considering a consolidation with a bank. There is no need to establish an existing bank as a branch because it is such an integral part of a consolidation it is not subject to the home office protection limitations of section 171.

Using the instant application as an example, the interrelationships of all of these sections can be seen. Section 125 authorizes the commissioner to approve the consolidation of Ann Arbor and Saline. Section 126 provides that each bank carries its rights and its liabilities into the consolidated bank. Prior to the consolidation, each bank has the right to operate its existing offices and to establish and operate additional branches pursuant to section 171. The converse of this right to branch is the application of the geographic limitations set forth in section 171, including the maximum branching radius of 25 miles from the main office. Upon consolidation, this branching limitation applies to the consolidated bank. Therefore, all offices of the consolidated bank must be within 25 miles of the resulting main office or they must be closed. This would be consistent with the language of section 126, 129 and 171, and would also meet the legislative intent of prohibiting state-wide branching through the merger vehicle.

However, since each bank had already established its main office pursuant to statute, and as long as the main offices are within 25 miles of each other or in the same county, it would be inconsistent to now require that either of the consolidating banks give up the authority to operate its main office merely because it does not currently meet the "home office protection" criteria. The proper reading, and one more consistent with both the language and intent of the applicable sections, holds that no branches of the consolidating bank (Saline) may be established unless each branch can meet the provisions of section 171. To subject the "main office" of Saline to the provisions of section 171 would result in a situation where there would be no bank to merge with Ann Arbor. Naturally, any future applications for branches by the consolidated bank would be subject to the provisions of section 171.

In the instant case, the main office of Saline has already been established. Requiring the consolidated entity to reapply to continue to operate an existing main office causes a duplication of administrative action since the policy questions surrounding the original "establishment" of the main office have already been answered by Saline's original charter application.

As indicated earlier, several comments were received by the commissioner on the Proposed Declaratory Ruling and Order. A question submitted by the Michigan Association of Community Bankers (MACB) related to the extent and effect of the Proposal. The representative of the MACB asked, "If The Citizens Bank of Saline had a branch as well as its home office in Saline, what action would the Financial Institutions Bureau take in regard to the branch as a result of the consolidation with Ann Arbor Trust?"

This order indicates that "no branches of the consolidating bank (Saline) may be established unless each branch can meet the provisions of section 171." Because there is already another bank (Manufacturers Bank of Saline) located in the City of Saline, a hypothetical branch of Saline could not satisfy the requirements of section 171 of the banking code, could not be established and would have to be closed in order for the consolidation to take place.

The commissioner was informed, in a letter dated June 29, 1983 that the MACB had:

> "RESOLVED: THAT THE BOARD OF DIRECTORS OF THE MICHIGAN ASSOCIATION OF COMMUNITY BANKERS UNANIMOUSLY OPPOSES THE ORDER AND DECLARATORY RULING WHICH WOULD ALLOW FOR THE CONSOLIDATION OF THE CITIZENS BANK OF SALINE WITH AND INTO ANN ARBOR TRUST COMPANY."

The MACB letter went on to say that the MACB continues to oppose all attempts to "eliminate the prohibition against state-wide branch banking and/or home office protection."

Other items of concern .aised by those in opposition to the Proposal include the following:

1) an illegal branch is being established;

2) the ruling violates the home office protection statute;

3) the bank holding company vehicle is available for this situation;

4) the commissioner is exceeding his authority and is violating the administrative rules procedures; and

5) banks in lesser populated areas may not benefit to the extent anticipated.

Those who supported the Proposal indicated, among other things, that:

1) The Declaratory Ruling is appropriate for this issue;

2) legislative intent must be applied in light of current and particular circumstances;

3) safety and soundness and service to the public are important considerations in this decision;

4) the commissioner's interpretation sensibly harmonizes the language of the statute taken as a whole; and

5) the interpretation is too narrowly drawn and should apply to both the main office and all existing branches of the consolidating bank.

The commissioner has considered all of these comments. After reviewing the Proposed Declaratory Ruling and Order in light of the comments, it is the opinion of the commissioner that the facts have been correctly ascertained and the law properly applied. The relevant statutory provisions have been properly interpreted, the intent of the legislature is being properly implemented and this interpretation will not eliminate the prohibition against state-wide branching or the home office protection. Therefore, the application of Ann Arbor Trust Company to consolidate with The Citizens Bank of Saline under the charter of Ann Arbor Trust Company and name of Citizens Trust is approved.

Dated: July 14, 1983

487.425 Consolidation; approval; examination by commissioner; agreement; meeting, notice; adoption.

Sec. 125 (1) With the approval of the commissioner, 2 or more banks may consolidate into a single bank which may be any one of the consolidating banks. A bank may consolidate with a national banking association under the charter of the national banking association. With the approval of the commissioner, any national banking association may consolidate with a bank under the charter of the bank.

(2) The approval of the commissioner shall be based on an examination of each of the organizations and of the agreement of consolidation. No consolidation shall be made to defeat or defraud any of the creditors of either of such organizations.

(3) The directors, or a majority of them, of each organization proposing to consolidate, may enter into an agreement signed by them and under the seals of the respective organizations, prescribing the terms and conditions of consolidation, the mode of carrying the same into effect and stating such other facts required or permitted by the provisions of this act and the national banking laws to be set out in articles as can be stated in the case of a consolidation, to be stated in such altered form as the circumstances of the case require, as well as the manner of converting the shares of each of the consolidating organizations, into shares of the consolidated organization, with such other details and provisions as are deemed necessary.

(4) The agreement shall be submitted to the shareholders of each consolidating organization, at a meeting thereof called by the directors thereof separately for the purpose of considering the agreement. Notice of the time, place and purpose of the meeting shall be given by publication at least once a week for 4 consecutive weeks next preceding the date of the meeting. A copy of the notice shall be mailed to each shareholder of each organization at his last known postoffice address as appears from the stock records of the organizations, by registered or certified mail, at least 10 days prior to the date of the meeting. No notice by publication or otherwise shall be required if it is waived. At the meeting the agreement shall be considered and a vote by ballot, in person or by proxy, taken for the adoption or rejection of it. At the meeting each share of stock shall entitle the holder thereof to 1 vote. If the votes of shareholders of each organization representing 2/3 of the total number of shares of each class of its outstanding capital stock are cast for the adoption of the agreement, that fact shall be certified on the agreement by the cashier or assistant cashier, secretary or assistant secretary of each of the organizations under the seal thereof. After the agreement is adopted and certified, it shall be signed by the president or a vice-president, and the cashier or an assistant cashier, secretary or assistant secretary of each of the organizations under the respective organization seals and acknowledged by the president or a vice-president of each of the organizations, before any officer authorized to take acknowledgment of deeds, to be the respective act, deed and agreement of each of the organizations. The agreement shall be filed with the commissioner in such number of duplicate originals as the commissioner directs and shall be the agreement and act of consolidation of said organizations. The national banking association, if there is one, shall furnish a certified copy of consent or approval of the comptroller of the currency to the consolidation if such consent or approval is required by the national bank laws. One of the original agreements shall be filed in the office of the bureau and the commissioner shall certify and forward 1 of the original agreements to the county clerk of the county in which each of the organizations is located and 1 to the corporation division, department of treasury. The commissioner shall certify upon the agreement filed with the bureau, and the county clerk shall certify upon the agreement filed with him, the date when the agreement was filed. The agreement and act, or a copy thereof, certified by the commissioner or the county clerk, is evidence of the agreement and act of consolidation of the organizations

and the observance and performance of all necessary acts and conditions precedent to such consolidation.

(5) In effecting the consolidation, stock of the consolidated bank may be issued as provided by the terms of the consolidation agreement free from any preemptive rights of the shareholders of the respective consolidating banks.

HISTORY: New 1969, p. 698, Act 319, Imd. Eff. Aug. 20.

487.426 Consolidation; effect on rights; property and liabilities.

Sec. 126. When the agreement of consolidation is filed with the commissioner and, if required by the provisions of this act, the consolidation is approved by the commissioner and, if required by the national bank laws, by the comptroller of the currency, the corporate existence of each consolidating organization shall be merged into and continued in the consolidated organization which shall be deemed to be the same corporation as each of the consolidating organizations, possessing all the rights, interests, privileges, powers and franchises and being subject to all the restrictions, disabilities and duties of each of the consolidating organizations. All and singular the rights, interests, privileges and franchises of each of the consolidating organizations and all property, real, personal and mixed, and all debts due to any of the consolidating organizations on whatever account, shall be transferred to and vested in the consolidated organization without any deed or other transfer and without any order or other action on the part of any court or otherwise; and all property, rights, privileges, powers, franchises and interests and each and every other interest shall be thereafter as effectually the property of the consolidated organization as they were of each of the consolidating organizations. The title to any real estate, whether by deed or otherwise, under the laws of this state vested in either of the consolidating organizations, shall not revert or be in any way impaired by reason of this act. The consolidated organization, by virtue of the consolidation, and without any order or other action on the part of any court or otherwise, shall hold and enjoy the same and all rights of property, franchises and interests, including appointments, designations and nominations and all other rights and interests as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, guardian of mentally incompetent persons and in every other fiduciary capacity, in the same manner and to the same extent as such rights, franchises and interests were held or enjoyed by each consolidating organization at the time of the consolidation. Where any such consolidating organization at the time of consolidation was acting under appointment of any court as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, guardian of mentally incompetent persons or in any other fiduciary capacity, the consolidated organization shall be subject to removal by a court of competent jurisdiction in the same manner and to the same extent as was the consolidating organization prior to the consolidation. Nothing in this act shall be construed to impair in any manner the right of any court to remove the consolidated organization for reasons other than the fact of consolidation, and to appoint in lieu thereof a substitute trustee, executor or other fiduciary, except that such right shall not be exercised in such a manner as to discriminate against national banking associations. The consolidated organization shall file with each court or other public tribunal, agency or officer by which each of the consolidating organizations shall have been appointed in the capacity of fiduciary or agent, and in the court file of each estate, suit or proceeding in which any of them has been acting, a statement setting forth the fact of consolidation, the name of each organization participating therein, the name of the consolidated organization, its place of business and the amount of its capital and surplus.

HISTORY: New 1969, p. 699, Act 319, Imd. Eff. Aug. 20.

487.427 Consolidation; agreement, recording.

Sec. 127. A certified copy of the agreement of consolidation, after filing and approval of the commissioner, shall be recorded in the office of the register of deeds of each county where real property owned by any of the consolidating organizations is situated.

HISTORY: New 1969, p. 700, Act 319, Imd. Eff. Aug. 20.

487.428 Consolidation; pending actions saved.

Sec. 128. Any action or proceeding by or against any of the consolidating organizations may be prosecuted to judgment, as if consolidation had not taken place or the consolidated organization may be substituted in the place of any consolidating organization.

HISTORY: New 1969, p. 700, Act 319, Imd. Eff. Aug. 20.

487.429 Consolidation or purchase of assets; branching rights.

Sec. 129. Subject to the requirements, restrictions and limitations of section 171, any consolidated bank or national banking association resulting from a consolidation under section 125, and any bank or national banking association which purchases the assets of a bank or national banking association as provided for in section 121 may establish and operate as a branch or branches the acquired organization or organizations or any organization which sells its assets to another bank or national banking association as provided for in section 121.

HISTORY: New 1969, p. 700, Act 319, Imd. Eff. Aug. 20.

487.471 Branch; establishment and operation; approval; moving location of branch.

Sec. 171. (1) With the written approval of the commissioner, any bank may establish and operate a branch or branches within the same county in which the parent bank has its principal office or, if not in the county, then within 25 miles of the parent bank or in a contiguous county at a point more than 25 miles from the parent bank, if the county does not have a bank. A branch shall not be established in a city or incorporated village in which a state or national bank or branch thereof is then in operation. The commissioner shall not grant approval unless he is satisfied as to the sufficiency of the capital and surplus of the bank, the necessity for the establishment of the branch or branches and the prospects of successful operation if established.

(2) With the written approval of the commissioner, any bank may establish and operate a branch or branches within the limits of the city or incorporated village in which the bank is located if the commissioner is satisfied as to the necessity for the establishment of the branch or branches and the prospects of successful operation if established.

(3) A branch of any bank shall not be moved from 1 location to another without the written approval of the commissioner.

HISTORY: New 1969, p. 707, Act 319, Imd. Eff. Aug. 20; -- Am. 1978, p. ____, Act 17, Imd. Eff. Feb. 14.

IN RE: Application of UNITED METRO BANK
for permission to organize a de novo bank to be located at
2619 28th Street, S.E., City of Grand Rapids, Kent County, Michigan

On May 9, 1983, the Financial Institutions Bureau (Bureau) received an application to organize a de novo non-member bank at 2619 28th Street, S.E., in the City of Grand Rapids, Kent County, Michigan, to be known as "United Metro Bank." A concurrent application for federal deposit insurance was also made to the Federal Deposit Insurance Corporation (F.D.I.C.). The Bureau and the F.D.I.C. accepted the applications for filing on May 11, 1983.

The incorporators (Applicants) and proposed directors of the new bank are Leonard M. Hoffius, Jr., A. H. Johnson, Arthur C. Johnson, Donald W. Kregel, William Rupp, and John G. Yeakey, Sr. The Applicants are sponsored by United Community Bank (UCB), and its parent holding company, United Community Financial Corporation (UCFC), both located in Wayland, Michigan. The Applicants currently serve as officers and/or directors of UCB and UCFC. The incorporators propose that A. H. Johnson and William Rupp serve as the new bank's Chairman and Chief Executive Officer, and President, respectively. Mr. Arthur C. Johnson is to be the new bank's Executive Vice President and Cashier, and is the designated correspondent for purposes of the application. The proposed officers will serve the new bank in the same positions which they now occupy with UCB.

The Applicants propose an initial capitalization for the new bank of $120,000 which is fully subscribed for by the sponsoring bank holding company. If the bank is established, and if its acquisition is approved by the Federal Reserve System, the new bank will become a wholly-owned subsidiary of UCFC.

The filing of a de novo bank application sponsored by a bank holding company is ordinarily not a unique proposition. It is relatively routine for a bank holding company to seek permission to establish a new bank in areas where its present bank subsidiaries do not have a physical presence and cannot branch. On its face, this application is such a proposal. However, the instant application goes beyond the heretofore routine organization of a de novo bank by a holding company, and is consequently a unique proposition. Here, the new bank, as a separate entity, will NOT open for business. Rather, if all necessary approvals to establish, insure and acquire the new bank are obtained, further regulatory approval will be sought to consolidate the new bank with UCB under the charter of United Metro Bank and under the name of United Community Bank. Thus, establishment of the new bank, and its subsequent consolidation with UCB, will enable UCB to expand its market area and establish a physical presence in Grand Rapids and other permissible locations by effectuating the relocation of UCB's main office from the City of Wayland into the City of Grand Rapids.

Absent the planned consolidation with the new bank, or some other indirect means, section 157 of the banking code of 1969, MCLA 487.301; MSA 23.710(1), would not allow a direct relocation of UCB's main office to any site other than one within the municipal limits of the City of Wayland. The Commissioner is aware that national banking associations are not similarly restricted. Federal law, at 12 USC 30, allows a national bank to relocate its main office to any location within a thirty (30) mile radius, regardless of municipal boundaries. Accordingly, conversion of UCB to a national bank charter and the subsequent relocation of its main office under the more liberal provisions of Federal law is one alternative means, albeit indirect, by which UCB could establish a physical presence in Grand Rapids and accomplish its associated expansion plans.

A bank's expansion opportunities are also limited by section 171 of the banking code of 1969, supra, which prohibits the establishment of a branch bank in a city or incorporated area where a state or national bank or branch thereof is then in operation, unless the city or incorporated area is also the home office location of the bank. Since other banks and their branches are presently

operating within the City of Grand Rapids, UCB, from its present home office location in Wayland, is precluded from directly branching into Grand Rapids. However, organization of the de novo bank and its subsequent consolidation with UCB will enable the resulting bank to establish branches within the municipal limits of Grand Rapids.

Section 171 also allows branching in those unincorporated areas that are within twenty-five (25) miles of a bank's principal office. Thus, the de novo bank-consolidation proposal also makes certain other branching sites, in addition to any location in Grand Rapids, accessible to the resulting organization. These potential branch sites are unreachable from UCB's present home office location in Wayland. In the same manner, potential branch locations that are presently accessible from Wayland may not be within the permissible twenty-five (25) mile branching radius of the resulting bank. Additionally, existing branches of UCB must qualify to be established as branches of the resulting bank, or their operation discontinued.

Because the de novo bank will not be established and operated as a separate entity, but will be established for the exclusive purpose of consolidating with UCB, the practical result is a relocation of UCB's main office and the attendant market expansion opportunities. Therefore, this application is genuinely different from any previously processed by the Bureau. The application, and the procedures followed by the Applicants, obviously must nevertheless be in conformance with applicable statutes.

Pursuant to section 30 of the banking code of 1969, supra, notice of the filing of the de novo bank application was published in The Grand Rapids Press and The Wayland Globe on May 18, and 24, 1983. Notice of the intent to consolidate the de novo bank and UCB into a single bank, although not required by statute for the purpose of this application, was also printed in those newspapers on the dates shown above. Consequently, the unique nature of the Applicants' total proposal was made public by the coincidental publication of the notice of the filing of the new bank application and the intent to consolidate it with UCB. Affidavits of publication were subsequently received by the Bureau, and the Commissioner is therefore satisfied the requirement to give public notice of the new bank application (as well as an indication of the nature of the total proposal) was satisfactorily accomplished. The Bureau received no protests or comments on this proposal and the time period allowed for filing a protest has expired. Publication was also made of the applications submitted to the F.D.I.C. for federal deposit insurance, and consolidation of the banks. None of these publications generated any comment to the Bureau or the F.D.I.C.

Section 53 of the banking code of 1969, supra, specifies requirements to organize a de novo bank. Section 53(1) contains the application requirements. The Commissioner finds that Applicants have complied with these requirements by completing the prescribed application form to the satisfaction of the Bureau.

Section 53(3)(a) requires the Commissioner to investigate the character, responsibility, and fitness of the incorporators and the proposed directors and officers. Each of the incorporators has filed biographical and financial information with the Bureau. The Applicants' qualifications as businessmen and bankers have also become well known to the Commissioner through the Bureau's examination and supervisory activities with respect to UCB and UCFC. The material submitted with the application, and that contained within the Bureau's files has been carefully reviewed. As a result of the investigation conducted, the Commissioner is satisfied the character, responsibility, and fitness of the incorporators, proposed directors, and senior officers and their motives in seeking to organize the bank are such as to command the confidence of the community and to warrant the belief the business of the proposed bank will be honestly and efficiently conducted. Nothing in the materials presented, or otherwise available to the Commissioner, indicates differently. The Commissioner therefore finds the Applicants have met the provisions of law relating to incorporator, director, and officer qualifications.

Section 53(3)(e) requires the Commissioner to make an investigation as to whether there has been or will be any violation of section 55 of the banking code of 1969, supra, which relates to the new bank's organization expense fund. The Applicants have established an organizational expense fund of $5,000 representing 5% of the proposed capital stock of the new bank. The Applicants have also assured the Commissioner that any expense associated with organizing the new bank which may exceed the allotted amount will be directly restored to the bank by the Applicants. If excessive organizational expenses are disclosed by an accounting of the fund, the incorporators will be required to restore such balances before final organization of the new bank is allowed. The Commissioner is therefore satisfied that statutory requirements pertaining to the organization expense fund have or will be met.

Section 53(3)(b), (c), and (d) of the banking code of 1969 requires that the Commissioner, after analysis and investigation, be satisfied the convenience and needs of the public will be served by the proposed bank, that there is a likelihood of successful operation if the bank is established and that the capitalization of the proposed bank is adequate to satisfy the requirements of section 71 of the banking code of 1969, supra.

The market area designated for the new bank includes the Cities of Kentwood and East Grand Rapids, the extreme eastern portion of the City of Wyoming, the southeast quadrant of the City of Grand Rapids, and a portion of Grand Rapids Township. However, if the new bank is organized and its consolidation with UCB is effected, the total market area of the surviving bank will include the aforementioned areas, plus the existing market of UCB, which serves the communities of Wayland, Alto, Clarksville, Dorr, Freeport, Hopkins, and Shelbyville. The combined market areas contain a variety of industries, professional offices, shopping areas, public and quasi-public institutions, as well as a diversity of income levels and residential development. The designated market for the new bank alone contains over 149,000 persons, with an average family income of more than $24,000. By 1985, this new market area is projected to have a population exceeding 153,600 persons.

As indicated, the Applicants are proposing to establish a new bank to facilitate the market expansion of UCB into the City of Grand Rapids and other areas, through consolidation with the new bank. The resulting bank will have its main office at the site of a former Friendly Restaurant, which is presently owned by UCB. The consolidated bank's main office will be located upon one of the principal east-west traffic arteries in the metropolitan Grand Rapids area, 28th Street. The new banking office will provide inside teller services, drive-in services, safe deposit facilities and 24 hour automated teller services.

There are 72 offices of financial institutions currently operating in the designated market of the new bank composed of 45 banking offices, 9 offices of savings and loan associations, and 18 offices of credit unions. The 45 banking offices and 9 offices of savings and loan associations represent 6 banks and 4 savings and loan associations, respectively. The new bank is clearly entering an active banking market. It will, however, offer convenient, competitive hours for operation, and will provide area residents and businesses with a convenient banking alternative, as well as enabling UCB to better serve its existing customers in the area.

Therefore, after consideration of the purpose of the bank, and upon review and analysis of the demographic and economic characteristics of the intended market area, the Commissioner is satisfied that the convenience and needs of the public will be served by the establishment of the proposed new bank, and the subsequent entry of UCB into the Grand Rapids market.

The Applicants indicate there is a likelihood of a successful operation if the new bank is established. They have projected profitable results for the new bank alone by the end of the third year of operations. This projection is reflected in the Applicants' pro forma statements, and is based upon the assumption the bank will derive nearly $5 million in new

deposits from the designated market area. Premised upon the planned consolidation, the Applicants postulate continued profitable operations for the resulting bank upon commencing business in the Grand Rapids market area.

The Commissioner has reviewed the Applicants' deposit projections and pro forma operating statements and, after due consideration of the economic characteristics of the market area and the purpose for which the new bank is being organized, finds there is a likelihood of a successful operation if the new bank is established and subsequently consolidated with UCB.

The Applicants indicate the initial capital for the new bank will be $120,000; in compliance with minimum statutory requirements. The initial capitalization represents $100,000 in capital stock and $20,000 of paid-in surplus. It has long been the policy of the Bureau to review a de novo bank application with the expectation that capital to deposits be maintained at a 10% level by the end of the third year of new bank operations. A review of the Applicants' deposit projections and pro forma operating statements for the new bank indicate the new bank would not, by itself, meet the Bureau's standards with the minimum statutorily required capitalization.

Thus, under ordinary circumstances, the Commissioner would not find the Applicants' capital sufficient to support the establishment of the new bank. However, due to the nature and purpose of the application, the Commissioner has looked beyond the initial capitalization for the new bank and has reviewed the sufficiency of the predecessor bank's capital and projections of the consolidated bank's capital.

As of March 31, 1983, the capital funds of UCB amounted to approximately $4,821,000, consisting of $1,100,000 in capital stock, $1,525,000 in paid-in surplus, and $2,196,000 in undivided profits. Upon consolidation of the new bank and UCB, the resultant bank's capital will remain relatively unchanged. Based upon the Applicants' projections of deposit growth for the new bank, new bank projections of profit and loss for the first three years of operation, and allowing for deposit growth and capital enhancement based upon historical averages for UCB, the Commissioner postulates the resultant bank will have sufficient capital when operations commence, as well as being able to maintain an adequate capital structure appropriate for the conduct of its business and the protection of its depositors.

In addition, due to the nature of the application and considering the purpose for which the new bank is being established, the capital adequacy of UCB was evaluated relative to the criteria established in Bank Bulletin No. 25, issued by the Commissioner on August 31, 1981, and its accompanying addendum issued March 3, 1982. The Commissioner finds the current level of UCB's capital sufficient to support establishment of expanded operations of the nature herein contemplated, i.e. entry into the Grand Rapids market.

Thus, based upon review of the proposed capitalization and capital projections of the new bank and UCB, and in consideration of the fact that the new bank, by itself, will not commence the business of banking, the Commissioner finds the Applicants' initial capitalization sufficient to warrant the establishment of the new bank.

As discussed above, the Applicants' proposal is designed as a vehicle to facilitate the relocation of the main office of UCB from the City of Wayland into the City of Grand Rapids, and effectively allow UCB to expand its market area. Because the application of record is for a de novo bank, the Applicants and the Commissioner are obligated to follow the statutes applicable to seeking and acting upon the organization of a new bank. However, this proposal has as its primary substance the expansion of an existing bank's market area. Therefore, it is also appropriate that the Commissioner consider the tests applied to an existing bank's proposal to expand.

On November 30, 1982, the Commissioner issued Bank Bulletin No. 29, expressing a "Statement of Policy on the Establishment of a Branch and Relocation of a Bank Office."

This policy statement, while relating directly to the establishment of a branch bank, or a branch facility, or to the relocation of an existing office has applicability in the decision of the Commissioner relative to the establishment of this new bank. Bank Bulletin No. 29 expresses the Bureau's position that a pro-competitive policy toward bank expansion is of importance, that the marketplace is one of the best regulators of bank expansion, and that new offices and relocation of offices are primarily and properly a bank management decision. The policy states "the Bureau will approve applications provided the applicant's proposal meets the statutory criteria and the Bureau has no significant supervisory concerns relative to the applicant bank." In this instance, the Commissioner finds the Applicants' proposal meets the requirements of law, and the Bureau has no significant supervisory concerns with United Community Bank.

Therefore, based upon the entire record developed in connection with this proposal, and for the reasons summarized above, the application to organize "United Metro Bank" to be located at 2619 28th Street, S.E., City of Grand Rapids, Kent County, Michigan, is APPROVED subject to the following:

A) Applicants should not commence the business of banking prior to effecting a consolidation with United Community Bank, Wayland, Michigan;

B) Applicants' initial capital shall be not less than $120,000;

C) Evidence shall be furnished that a firm commitment to insure deposits up to a maximum permitted by federal law has been issued by the Federal Deposit Insurance Corporation;

D) Applicants meeting the conditions imposed by the Board of Directors of the Federal Deposit Insurance Corporation and, if any, the conditions imposed by the Federal Reserve System;

E) Articles of Incorporation must be received and approved by this Bureau and filed with the proper Federal agency, the Corporation and Securities Bureau of the Department of Commerce, the County Clerk and the Bureau. The franchise fee of 50 cents per thousand dollars of the capital stock must be submitted along with a $10.00 filing fee when filing the Articles of Incorporation;

F) Receipt of the Certificate of Payment within 30 days after approval and filing of Articles of Incorporation or such later time as approved by the commissioner indicating that the capital has been fully paid in and showing the par value of the common stock together with the proposed breakdown of the capital structure and the organizational expense fund; and

G) Written notification to this office two weeks in advance as to the opening date in order that a pre-opening investigation may be conducted and that written certification of approval to commence the business of banking may be issued prior to the opening.

Dated: August 22, 1983

IN RE: Application of RIVER PLACE FINANCIAL CORP., Detroit, Michigan for permission to establish and operate a de novo bank at One Joseph Campau, City of Detroit, Wayne County, Michigan

On August 3, 1983, the Financial Institutions Bureau (Bureau) received an application to organize a de novo bank at One Joseph Campau, City of Detroit, Wayne County, Michigan, to be known as "River Place Financial Corp." The application was accepted for filing by the Bureau on August 9, 1983.

The incorporators (Applicants) of the new bank are John W. Stroh, Jr., David V. Van Howe, William L. Powers, Harold A. Ruemenapp and James L. Hughes. Each of the Applicants, except Mr. Hughes, is a director or officer of The Stroh Companies, Inc., or a subsidiary company. The Applicants will serve as the initial directors of the new bank with the bank's officers to be selected at a later date, but prior to the bank's opening. Mr. Powers is the designated correspondent for purposes of the application.

The Applicants have proposed an initial total capitalization for the new bank of $2,000,000 consisting of $1,500,000 of equity capital and $500,000 of subordinated capital notes. The stock and notes will be fully subscribed for by individual members of the Stroh family. No person other than a member of the Stroh family will own any portion of the bank.

Pursuant to section 30 of the banking code of 1969, as amended, MCLA 487.301; MSA 23.710(1), notice of the filing of the application was published in the Detroit Legal News on August 11 and 18, 1983. An affidavit of publication was filed with the Bureau in a timely manner. The Bureau subsequently received letters of support for the proposed bank from representatives of Comerica, Incorporated; Manufacturers National Bank of Detroit; National Bank of Detroit; Detroit Economic Growth Corporation; and the Community and Economic Development Department for the City of Detroit. There were no protests and no negative comments received by the Bureau.

The Applicants indicate their purpose and objective is to form a limited purpose bank, designed to initially serve as a catalyst and facilitator for the development of "Stroh River Place" (River Place), a major development to be located along the Detroit River. In addition, the Applicants intend the new bank will assist in the funding of other development in the Detroit eastside river front area. The new bank will not accept deposits from the general public and thus, will not compete for funding liabilities with existing commercial banks or other depository institutions. Instead, the bank will only accept deposits from The Stroh Companies, Inc., its subsidiaries and affiliates, and lineal descendants of Julius Stroh and spouses of such lineal descendants. Initially, the new bank will employ its funds primarily by engaging in such investment activities as the management and directorate of the bank deem appropriate to facilitate the development of River Place and the eastside river front development area. In addition, the new bank may extend credit to The Stroh Companies, Inc., its subsidiaries and affiliates, and the lineal descendants of Julius Stroh.

Each application for a new bank submitted to the Bureau for consideration is evaluated based upon the merits of the proposal and, whether it will conform to laws, regulations, and rules applicable to banks chartered by and operated in the State of Michigan. The Applicants' proposal, and the premise upon which they seek approval, are somewhat different than any heretofore evaluated by the Bureau. The proposal, and its basis, are new and unique in concept. In arriving at a decision on the Applicants' request, the Commissioner is, therefore, caused to take a similarly new and different viewpoint in evaluation and analysis of the application. The action to be taken by the Commissioner in this instance, however, does not constitute any deviation from the statutorily imposed standards for determining whether permission may be granted to establish and operate a new bank.

Section 5(c) of the banking code of 1969, supra, defines a bank as a state banking corporation organized under the provisions of the banking code. Glenn Munn's Encyclopedia of Banking and Finance broadly defines a bank as "Any organization engaged in any or all of the various functions of banking, i.e., receiving, collecting, transferring, paying, lending, investing, dealing, exchanging, and servicing (safe deposit, custodianship, agency, trusteeship) money and claims to money both domestically and internationally." (Emphasis added) A state-chartered bank has the power conferred on it by the banking code of 1969, which includes performance of the functions listed above. Specifically, section 151 of the banking code of 1969, supra, provides that a bank may engage in the business of banking, subject to the limitations and restrictions contained in the banking code or in a bank's articles of incorporation. This section also indicates various other corporate powers of a bank, including exercising the powers and means appropriate to effect the purpose for which the bank is incorporated. Thus, while a bank may engage in a wide variety of activities, such as those outlined above, nothing in the banking code requires a bank to engage in all of these activities in order to be a state-chartered bank. In essence, a state bank charter allows an institution to select from among the wide variety of permissible banking activities those activities which it chooses to provide in its market. The Applicants' decision to cause the proposed bank to operate as less than a "full service bank" is a business decision which does not necessarily result in a course of action incompatible with the banking code of 1969, supra.

The Applicants have not cited specific examples of the chartering of a limited purpose bank. However, the Commissioner is aware of instances in the past in which banking corporations have been formed and operated for a single purpose pursuant to statutes authorizing the creation of banks in general. The Commissioner notes the Comptroller of the Currrency has previously approved the creation of a bank for the purpose of conducting "trust activities only". The Comptroller and other state bank regulatory authorities have granted approval for the establishment of banks whose limited purpose is to facilitate a bank holding company's conduct of nationwide credit card operations. In May, 1981, the Commissioner approved the establishment of "Automotive Financial Services, Inc.," a limited purpose bank, whose purpose is facilitating the processing and clearing of drafts drawn by the Chrysler Corporation. Thus, the Commissioner finds there is ample precedent for the establishment of a limited purpose bank. The Applicants, however, must nevertheless comply with all statutes appertaining to the organization of a "full service" state-chartered bank.

The requirements to be met by the Applicants in seeking to organize the new bank are found in section 53 of the banking code of 1969, supra. Section 53(1) contains the application requirements for permission to organize a new bank. The Commissioner finds the Applicants have complied with these requirements by completing the prescribed application form to the satisfaction of the Bureau.

Section 53(3)(a) requires the Commissioner to investigate the character, responsibility and fitness of the incorporators, and proposed directors and officers of the new bank. The Commissioner has reviewed the biographical information supplied by the incorporators, and has given due consideration to the education and experience of each, as well as to the responses provided by the references named in the biographical information. As a result of this review, the Commissioner is satisfied the character, responsibility and fitness of the incorporators, and their motives in seeking to organize the bank satisfy statutory criteria. While senior bank management has not yet been designated, biographical information pertaining to such individuals as the Applicants may appoint will be provided to the Commissioner for review, and a determination of their acceptability, prior to the commencement of operation of the bank. Furthermore, nothing in the material presented or made available to the Commissioner indicates the business of the proposed bank would not be honestly and efficiently conducted.

Section 53(3)(e) requires the Commissioner to make an investigation as to whether there has been or will be any violation of section 55 of the banking code of 1969, supra, which relates to the new bank's organization expense fund. The Applicants have established an organizational expense fund of $80,000, representing 8% of the proposed capital stock of the new bank. If excessive organizational expenses are disclosed by an accounting of the fund, the incorporators will be required to restore such balances before final organization of the new bank will be allowed. The Commissioner is therefore satisfied that statutory requirements pertaining to the organizational expense fund have or will be met.

The remainder of section 53 requires the Commissioner to be satisfied the convenience and needs of the public will be served by the proposed bank, there is a likelihood of a successful operation if the bank is established, and the capital structure of the proposed bank is adequate to satisfy the requirements of section 71 of the banking code of 1969, supra.

Ordinarily, an applicant filing an application to charter a new bank would present extensive demographic and economic statistics relating to a particular service area which would reflect the number of people and businesses in the area who would be directly benefited from the establishment of the de novo bank. This type of data would ordinarily be set forth in a very positive manner, in order that the Commissioner might be convinced the convenience and needs of the public would be served by the establishment of a new bank. However, the Applicants propose to establish a new bank in an area where there is presently abandoned factories, warehouses and vacant lots. The public benefit that will flow from the establishment of the proposed bank presently cannot be evidenced by recitation of statistics of the usual nature. The City of Detroit has decreasing population, decreasing per capita income, and high unemployment. For this reason, the Applicants have had to look beyond the present, and postulate the bank's benefit to the public in the future. Likewise, the Commissioner is asked to look to the future benefits the proposed bank will bring to its community.

In the case of National Bank of Wyandotte v. Detroit Bank & Trust Company, 19 Mich App 439, the court has acknowledged the right of the Commissioner to look beyond the present and examine the future by stating that:

> "There is nothing in the statute which requires the commissioner to limit his outlook to 'today.' In evaluating current conditions he must, of necessity, include the parameter of the immediate future. He may look beyond the shopping center under construction and see a shopping center in being and the banking needs this will bring. Not to see that which is there to be seen would be unduly myopic and inconsistent with the commissioner's obligation to provide the community with a healthy banking environment."

The proposed de novo bank is to be located in the River Place development, which is viewed by the planning director for the City of Detroit as a catalyst for the development of the entire east river front. The area in and around River Place contains very little commercial and residential development at the present time. It is an area occupied predominately by old warehouses and buildings designed to house industrial firms. However, industrial development in the River Place area is being de-emphasized in favor of residential, commercial and professional office development. The planned redevelopment of the east river front area calls for the establishment of approximately 2,650 residential units with 550 of these units scheduled for development in River Place alone.

River Place is an important part of the overall revitalization of the Detroit river front area; a revitalization that has seen the development of the Renaissance Center, Joe Louis Arena, and more recently the Riverfront, a 604 unit, 29 story, twin-tower apartment complex. The River Place project has the support of a major community development organization, the City of Detroit and, with regard to economic development benefiting the state, the State of Michigan. In a report prepared for the Near East Riverfront Task Force, it was indicated that development of River Place is a "key component" in the overall development of the City of Detroit's near east river front. Plans

for the development of the thirty acre River Place site call for a mix of residential units, retail space, professional office space, recreational and cultural facilities. The project will initially benefit the public by providing numerous jobs during the development and renovation stages, and will have long term public benefits by providing additional, modern, reasonably priced housing, and numerous job opportunities through the establishment of neighborhood commercial businesses and additional professional endeavors.

The Stroh Companies, Inc., a large, family-owned corporation with several nationally known subsidiaries, has recently moved its corporate headquarters into the heart of the River Place development area. As a consequence, the initial stages of area revitalization and development have begun. However, the corporation and various members of the Stroh family, while firmly committed to the idea of developing River Place and the eastside river front area, desire the additional vehicle of a bank to supply financial assistance of the magnitude required to complete and sustain the project through its initial stages of development and beyond. It is apparent that development of River Place and the entire eastside river front area will be of benefit to the public, and would likely proceed without establishment of this bank. However, a financial institution, acting as a facilitator for lending and a packager of investments, could substantially aid in the developmental aspects of the project being undertaken.

The Applicants indicate the new bank will actively promote and facilitate the development of River Place, and the river front development project as a whole, through its services in arranging financing suited to the development of specific parcels of property in the area. Initially, the de novo bank will serve as a lender and investment packager for the River Place development. In addition, the new bank will actively seek business financing opportunities, and work closely with various local, state and federal agencies, such as the Small Business Administration, Michigan Economic Development Authority, and Michigan State Housing Development Authority, to aid in area development.

The Department of Commerce and other State departments, at the direction of the Governor, have recently initiated new programs designed to promote economic development and revitalization for the State of Michigan, and its various cities, counties and villages. The Bureau, in its role as primary regulator of banking in Michigan, has, by the very nature of that role, always been intimately involved in the mainstream of economic activity in this State. With a raised consciousness of the vital role that it can play in the economic well-being of the State, the Bureau is committed to assist the economic development programs that come before it to the extent possible within the confines of existing statutes. The Applicants' proposed bank fits within the Bureau's concepts of what a bank's role in economic development and redevelopment could be, and the bank proposes to carry out its self defined developmental role within the framework of existing statutes.

Thus, based upon the factors summarized above, and in consideration of the economic significance and public benefits associated with the development of River Place and the entire river front project, and the potential for the proposed bank to promote and facilitate this development, and aid in the economic revitalization of the area, the Commissioner is convinced the convenience and needs of the public will be served by the establishment of the de novo bank.

The Applicants indicate there are prospects of a successful operation if the new bank is established, and project a profitable bank operation by the end of the first year of operations. This projection of profitability is reflected in the Applicants' pro forma operating statements, and is founded upon the ability of the bank to generate loans and make investments based upon funding liabilities of $21,000,000 to be provided by the parties permitted to place deposits in the bank.

The Applicants warrant there are commitments to attain and maintain deposits with the bank at this level for at least the first three years of bank operation. Depository support of this magnitude, while virtually assuring the bank's probability for profitable

operations, also weighs heavily upon the Commissioner's finding the convenience and needs of the public will be served. Without a substantial amount of deposits being committed to the bank, its ability to make loans and investments in the public interest would be severely jeopardized and possibly curtailed entirely.

In assessing the likelihood of a successful bank operation, the Commissioner has also considered the purpose for which the bank is being organized. As previously indicated, the new bank is being organized for the purpose of serving as facilitator and catalyst for a residential, commercial and professional office development of major proportion and significance to the overall development of the Detroit river front area. River Place will take approximately 10 years to complete, at an estimated cost of over 140 million dollars, and will provide significant public benefit through its ability to offer employment opportunities and modern housing to an otherwise economically depressed area.

While only time will tell of the relative success of the River Place development, the project has the full endorsement and support of the City of Detroit, a major community economic development organization, and several major banks located in the city. Additionally, The Stroh Companies, Inc., a major corporation headquartered in the development area, and several prominent members of the Stroh family are firmly committed to the successful development of River Place, and thus coincidentally to the success of the proposed bank.

Therefore, based upon the reasonableness of the Applicants' projections of bank profitability, and in view of the considerable support for the River Place development given by various representatives from the public and private sector, and the committed support to the bank of The Stroh Companies, Inc. and the Stroh family, the Commissioner is satisfied there is a likelihood of a successful operation if the de novo bank is established.

The Applicants have indicated the initial total capital for the new bank will be $2,000,000; including $500,000 in subordinated capital notes (the issuance of which remains subject to the Commissioner's approval), $1,000,000 in capital stock, $250,000 in paid-in surplus, and $250,000 in paid-in undivided profits. As previously indicated, the Applicants have postulated a profitable bank operation beginning during the first year of operation, and have provided projections of continuing bank profitability for subsequent years. The Applicants have also indicated their commitment to maintain adequate levels of bank capitalization in the future as required by the banking code of 1969, and as determined pursuant thereto by analysis of the Bureau.

Based upon an analysis of the application as summarized above, and in consideration of the nature of the anticipated activities to be engaged in by the new bank, the Commissioner finds the Applicants' initial capitalization adequate.

The risk exposure to the general public associated with the establishment of the proposed bank is minimal since the bank is to be chartered as a non-member, uninsured bank, permitted to accept deposits from a defined, limited clientele. Any risk associated with the operation of the bank will be borne exclusively by the bank's depositors and shareholders, who are all members of the Stroh family and family owned or controlled businesses, and with whose knowledge and support the application has been filed. Thus, pursuant to section 58 of the banking code of 1969, supra, the Applicants have requested a waiver of the necessity of acquiring federal deposit insurance. The Commissioner has considered the Applicants' request and finds that in view of the nature of the new bank and its prohibition against accepting deposits from the public, there will be no need for the bank to obtain federal deposit insurance. Consequently, the Applicants' request for waiver of the requirement to obtain federal deposit insurance as a condition precedent to the Commissioner's approval, certification and distribution of the articles of incorporation is hereby granted.

However, in acting on this application, the Commissioner expects the bank to be

operated in a safe and sound manner, compliant with the Federal Deposit Insurance Act and Federal Deposit Insurance Corporation Rules and Regulations, as if the bank were to be established as a Federally insured non-member institution. Therefore, the Commissioner shall require the bank's articles to indicate that the bank is to be regulated by the Bureau in compliance with the Federal Deposit Insurance Act and the Federal Deposit Insurance Corporation Rules and Regulations.

Based upon an analysis of the entire record developed in connection with this application, and for the reasons summarized above, the application of "River Place Financial Corp." to organize a de novo bank to be located at One Joseph Campau, City of Detroit, Wayne County, Michigan, is APPROVED subject to the following:

A) Under no circumstances shall the bank receive deposits from other than The Stroh Companies, Inc., its subsidiaries and affiliates, and lineal descendants of Julius Stroh and spouses of such lineal descendants;

B) Applicants' initial capital shall be not less than $2,000,000, including not less than $1,500,000 in equity, consisting of not less than $1,000,000 in common stock;

C) Articles of Incorporation shall be consistent with the terms and conditions set forth in this Order and, together with the required filing and franchise fees, must be received and approved by this Bureau, and be filed with the proper authorities;

D) Receipt of the Certificate of Payment within 30 days after approval and filing of Articles of Incorporation or such time later as approved by the Commissioner, indicating that the capital has been fully paid in and showing the par value of the common stock, together with the proposed breakdown of the capital structure and the organizational expense fund;

E) Written notification to this office two weeks in advance as to the opening date in order that a pre-opening examination may be conducted, and that written certification of approval to commence the business of banking may be issued prior to the opening;

F) Pursuant to section 30 of the banking code of 1969, as amended, supra, the Applicants, if dissatisfied with this Order may file with the Commissioner a written request for reconsideration of the Order within five (5) days hereof, stating the reasons for such request, which shall then be taken under consideration by the Commissioner. A request for reconsideration is a prerequisite to any further appeal of this Order.

Dated: November 15, 1983

IN RE: Application of PSB STATE BANK, Pontiac, Michigan
for permission to consolidate with PONTIAC STATE BANK, Pontiac, Michigan
under the charter of PSB State Bank and under the name of Pontiac State Bank

PSB State Bank and Pontiac State Bank, both of Pontiac, Michigan, joined by NBD Bancorp, Inc., Detroit, Michigan (Applicants) have made application to the Commissioner of the Financial Institutions Bureau for permission to consolidate into a single bank pursuant to section 130 of the Banking Code of 1969, as amended, MCLA 487.301; MSA 23.710(1) (Banking Code). The resulting bank is to be a wholly-owned subsidiary of NBD Bancorp, Inc. and is to be operated under the charter and by-laws of PSB State Bank and under the name of Pontiac State Bank.

This application was received by the Financial Institutions Bureau (Bureau) on August 19, 1983 and was accepted for filing on August 23, 1983. As required by section 30 of the Banking Code, notice of the filing of the application was published in the Oakland Press on August 26 and September 2, 1983. An affidavit of publication was subsequently filed with the Bureau. On September 9, 1983, the Bureau received a Notice of Protest from Comerica Incorporated (Protestant). No other notice of protest has been filed with the Bureau.

Protestant, on September 30, 1983, filed its written Statement of Protest and Request for Oral Argument with the Bureau. Applicants responded with a written memorandum in support of the application. Oral Argument was held before the Commissioner on October 26, 1983. Applicants and Protestant were represented at Oral Argument by their respective legal counsels.

NBD Bancorp, Inc. caused PSB State Bank to be organized as a state-chartered bank for the sole purpose of effecting a consolidation between PSB State Bank and Pontiac State Bank with the resulting bank to be wholly-owned by NBD Bancorp, Inc. As used in section 130 of the Banking Code, PSB State Bank is the "new bank" which has not yet engaged in the business of banking and Pontiac State Bank is the "existing bank" which is and has been engaged in the business of banking.

NBD Bancorp, Inc. is a Delaware corporation registered as a bank holding company under the Bank Holding Company Act of 1956. It is the "bank holding company" defined in section 130 of the Banking Code.

Comerica Incorporated, the Protestant, is a Delaware Corporation registered as a bank holding company under the Bank Holding Company Act of 1956.

PSB State Bank and Pontiac State Bank have entered into an Agreement and Plan of Merger Providing for Consolidation of Pontiac State Bank With and Into PSB State Bank, dated May 17, 1983 as amended June 2, 1983 (Plan of Merger). The banks are joined in this agreement by NBD Bancorp, Inc., whereby, upon the effective date of the consolidation, NBD Bancorp, Inc. shall become the sole owner of all outstanding shares of the consolidated bank. In this way, NBD Bancorp, Inc. becomes the sole owner of Pontiac State Bank.

The consolidation of the two banks is subject to the approval of the Commissioner. The application for that approval is the subject of the protest by Comerica Incorporated. Consequently, this Order takes into consideration the issues raised by the Protestant and the provisions of law that must otherwise be satisfied according to the statute. All requirements that must be considered by the Commissioner are set forth in sections 125 through 130 of the Banking Code. Although

not determinative of the issues before the Commissioner, it should be noted the acquisition of a bank by a bank holding company is subject to the prior approval of the Board of Governors of the Federal Reserve System. *

Paragraph eighth of the Plan of Merger, as amended, provides in part:

> Eighth. At the effective date of the transaction, the manner of converting the shares of Bank and New Bank into Bancorp Common Stock or cash shall be as follows:
>
> A. The shares of common stock, par value $5.00 per share, of New Bank issued and outstanding immediately prior to the effective date of the transaction shall, by virtue of the transaction, and without any action by the holder thereof, be converted into that number of shares of common stock, par value $5.00 per share, of the Surviving Bank equal to the sum of (1) the number of shares of common stock of Bank outstanding immediately prior to the transaction becoming effective, and (2) the number of shares of common stock, par value $5.00 per share, of New Bank outstanding immediately prior to the transaction becoming effective, so that all shares of common stock of the Surviving Bank shall be owned by Bancorp. The outstanding certificates representing shares of common stock, par value $5.00 per share, of New Bank shall, after the transaction, be deemed to represent the number of shares of the Surviving Bank into which they have been converted and may be exchanged for new certificates of the Surviving Bank upon the request of the holder thereof.
>
> B. (1) Upon the effective date of the transaction, each share of common stock, par value $5.00 per share, of Bank issued and outstanding immediately prior to the effective date of the transaction shall, by virtue of the transaction and without any action on the part of the holder thereof, be converted into a number of shares of Bancorp Common Stock equal to a fraction (the "Conversion Ratio"), the numerator of which shall be equal to $27.50, and the denominator of which shall be equal to the average per share closing sales price of Bancorp Common Stock on the Composite Tape during a period of thirty (30) consecutive trading days ending with the trading day immediately preceding the third calendar day prior to the effective date of the transaction, provided, however, that any holder of shares of common stock of Bank who under such formula would otherwise receive: (i) a fractional share of Bancorp Common Stock shall receive in lieu thereof an amount in cash equal to such fraction multiplied by the denominator of the Conversion Ratio ("Fractional cash payments"), or (ii) shares of Bancorp Common Stock having an aggregate value (computed on the basis of the denominator of the Conversion Ratio) less than $1,000 shall receive cash at the rate of $27.50 for each share of common stock of Bank held by such holder, in lieu of any shares of Bancorp Common Stock ("payments to Small Shareholders"); and provided further, that any holder of common stock of Bank not covered by clause (ii) above may elect to receive, subject to the provisions of this Agreement, in lieu of the shares of Bancorp Common Stock, cash in the amount of $27.50 for each share of common stock of Bank owned by such holder ("Electing Shareholders"). In no event however, shall more than 50% of the total value of all of the outstanding common stock of Bank on the effective date of the transaction be paid for in cash, including for purposes of computing the limitation on cash payments, shares subject to fractional cash payments, shares subject to payments to Small Shareholders, shares subject to payment to Electing Shareholders and shares subject to payment to holders of shares of common stock of Bank who dissent from or vote against the transaction ("Dissenting Shareholders"). The rights of the

* On November 29, 1983 the Board of Governors approved the application of NBD Bancorp, Inc. to acquire Pontiac State Bank.

foregoing categories of shareholders of Bank potentially eligible to receive cash for their shares of common stock of Bank are hereinafter referred to as "Cash Payment Rights". All shares of common stock of Bank held by each shareholder of Bank immediately prior to the effective date of the transaction shall be converted into Bancorp Common Stock or cash, but not both, except for fractional cash payments.

Applicants and Protestant both agree the sole issue involved in the protest of this application is whether the applicable statutes allow payment of cash to shareholders of the existing bank upon its acquisition by the bank holding company. The Protestant argues that section 130 of the Banking Code does not specifically authorize the payment of cash by a holding company. Protestant argues the only form of consideration that can be approved by the Commissioner is shares or other securities of the bank holding company. The last sentence of subsection 130 (2) (a) provides:

"The new bank and the existing bank may consolidate under the charter of either bank and the provisions of sections 125, 126, 127 and 128 shall be applicable with respect to the consolidation except that the agreement of consolidation may provide that shares of either or both the consolidating organizations, in lieu of being converted into shares of the consolidated organization, will be converted into shares or other securities of the bank holding company."

Section 125, which is applicable to the consolidation of two or more existing banks provides, at subsection 125 (3):

"The directors, or a majority of them, of each organization proposing to consolidate, may enter into an agreement signed by them and under the seals of the respective organizations, prescribing the terms and conditions of consolidation, the mode of carrying the same into effect and stating such other facts required or permitted by the provisions of this act and the national banking laws to be set out in articles, as can be stated in the case of a consolidation, to be stated in such altered form as the circumstances of the case require, as well as the manner of converting the shares of each of the consolidating organizations, into shares of the consolidated organization, with such other details and provisions as are deemed necessary."

Protestant argues that section 125 mandates that consideration for the consolidation must be shares of the consolidated organization. Furthermore, it is argued that section 130 provides an exception to that sole form of consideration in that shares or other securities of the bank holding company may be substituted for shares of the consolidated organization.

Applicants argue the provisions of the Plan of Merger satisfy the statutory criteria and the form of the transaction is proper.

Protestant's main points are briefly set forth below:

1. The controlling statute does not provide for a payment of cash consideration in a consolidation.

2. The plain language of the statute requires the payment to be in the form of stock or other securities of the bank holding company.

3. The statutory history of sections 125 and 130 of the Banking Code demonstrate a legislative intent to not permit cash as consideration in a merger.

The Applicants' position is briefly set forth below:

1. Protestant has no standing to object to this transaction.

2. A security or its equivalent is being used as consideration in the consolidation.

3. Regardless of the literal language of the statute, even section 125 allows cash to be a consideration.

4. Due to historical applications of sections 125 and 130 the Commissioner must allow this transaction.

The entire record of this application has been reviewed and considered. Some of the sub-issues that developed in the context of this protest may be easily decided. For example, it is clear that Comerica Incorporated has standing to pursue this protest. Section 30 of the Banking Code provides that "an institution or other interested party" who desires to protest the application must do certain things which the Protestant has done. Also, the argument of Applicants that a check, which is to be received as payment of the cash consideration, is somehow to be considered a security is both not persuasive and, more importantly, not necessary to the issuance of this Order.

The parties, Applicants and Protestant, have both presented arguments that are articulate and deserving of consideration. Consequently, it has become clear to the Commissioner after careful review of the disputed cash consideration issue that the language of the Banking Code applicable to this transaction (sections 125 and 130) is ambiguous and, the related statutory history and legislative intent are not so clear as to mandate a finding for one side or the other.

It is undisputed that statutory provisions do not specifically provide that, in a section 130 consolidation, shares of either of the consolidating organizations may be converted into cash in lieu of being converted into shares of the consolidated organization. However, a literal reading does not support Protestant's claim that shares or other securities of the bank holding company may be the only permitted consideration in a section 130 consolidation. If the Legislature undeniably intended such a result, it could and would have provided the "agreement of consolidation may (only) provide" that shares of the consolidating organizations be converted into either shares of one consolidated organization or shares or other securities of the acquiring holding company. The use of the permissive "may" should be interpreted to simply authorize substitution of holding company stock or securities for that of the consolidated organization, and should not be viewed as a limitation on the method of payment. Similarly, in section 125(3) it is noteworthy that after providing that the consolidation agreement must set forth the "manner of converting the shares of each of the consolidating organizations, into shares of the consolidated organization," the section continues to provide that parties may also include in the consolidation agreement "such other details and provisions as are deemed necessary." Again, if the Legislature intended to limit the consideration to be used in a consolidation, such intent could have been easily and clearly expressed.

Moreover, the interpretation advocated by the Protestant would produce results undoubtedly not intended by the Legislature. As pointed out above, section 130 provides that the provisions of sections 125 through 128 shall apply to a section 130 consolidation except that ". . . shares of either or both of the consolidating organizations, in lieu of being converted into shares of the consolidated organization, will be converted into shares or other securities of the bank holding company." In that shares of "either or both" of the consolidating organizations may be converted into holding company shares or other securities, it appears that if the shares of only one of these organizations were to be so converted into holding company shares, the other's shares could be converted into something else. The alternative which the statute seems to require is the other's shares should be converted into shares of the consolidated organization. But this reading could result in a bank holding company acquiring shares of a bank which has exchanged some of its stock for shares of another bank with which it had just consolidated. At least in this case, the statutory history and legislative intent are clear that section 130 was intended to provide a vehicle whereby a bank holding company could acquire 100% of the shares of a bank. See statement regarding House Bill 5845 before the House Private Corporations Committee by Robert P. Briggs, Commissioner of the Financial Institutions Bureau, Exhibit 8 of Applicants' Memorandum in support of the application.

In addition, limiting the consideration to be used in consolidation transactions to stock or other securities would simply require the holding company or consolidating organizations to engage in a two step process whereby securities convertible into cash are issued. There would be no reason for the Legislature to require the parties to engage in such an exercise and bear the accompanying expenses and inconvenience.

Protestant's interpretation would also produce an unexplainable or unjustifiable distinction between mergers of two banks and those involving holding companies. In the former, only an exchange of stock would be available while under the latter situation, the holding company may offer stock, debentures, or promissory notes. This distinction in favor of holding company mergers serves no public purpose, and would stifle bank management's prerogatives in an area where little, if any, government intrusion is required.

There are other examples, too numerous to recite here, of strange and undesirable results that are obtained from a literal reading of the statutory provisions. When a literal interpretation of a statute obtains an absurd result, and where there is some doubt as to its meaning, it should be given a reasonable construction. See Lansing General Hospital, Osteopathic vs Gomez, 114 Mich App 814, 826 citing Lincoln Park Detention Officers vs Lincoln Park, 76 Mich App 358, 362.

In considering the legislative materials and documents available to the Commissioner, the one thing that is clear is that section 130 was intended to provide an opportunity for state-chartered banks to be acquired by bank holding companies in a manner similar to a national bank at the time section 130 was enacted in 1972 P.A. 128. See statement regarding House Bill 5845, supra. It is not clear the Legislature ever considered, as a separate and distinct issue, the specific language purported to require an exchange of only shares or other securities. Indeed, as Protestant points out in its Memorandum in Reply to Memorandum of Pontiac State Bank, NBD Bancorp, Inc. and PSB State Bank, at page 14, ". . . we do not believe that the issue presented in Comerica's protest, on the basis that cash consolidations are not permitted under the Code, has ever been truly and thoughtfully addressed by the Financial Institutions Bureau." This observation would, of course, similarly apply to the cited comments of former Commissioner Briggs regarding shares of the bank holding company being exchanged for shares of the consolidating banks. Former Commissioner Briggs' comments were used only to explain that then proposed legislation was to provide an alternative method by which bank holding companies could acquire banks. The remainder of Mr. Briggs' comments are illustrative of a process, but cannot be read as describing the exclusive method of operation of the statute. In absence of specific comments about limitations to be placed on the exchange of anything except shares or other securities and, given the fact the issue was not a subject of Bureau analysis, it seems much more likely there was an absence of legislative intent concerning the provisions regarding the conversion of shares of the consolidating banks into shares or other securities of the bank holding company.

Protestant argues the parallel histories of the Banking Code provisions and the General Corporation Act indicate a legislative intent to treat banks differently than general corporations because ordinary business corporations were specifically authorized in 1969 P.A. 4 to exchange "cash or securities" for another corporation whereas the 1972 amendment to the Banking Code enacting section 130 did not so explicitly provide. Although, in most cases, the presumption the Legislature intended such a result because its presumed knowledge of all statutory provisions would apply, the legislative intent and history regarding section 130 negates such a presumption. In addition, some commentators felt the general corporation law always had provided for cash consideration, and the 1969 language was added only to clarify that cash was a permissible consideration for the benefit of those who were uncomfortable because that exact language was not written into the Act.

Also contrary to the Protestant's view of legislative intent, and as Applicants have pointed out, the Legislature, since 1972, has

amended the Banking Code several times. The numerous Banking Code amendments enacted by the Legislature presumably have been made both with knowledge the Commissioner has approved numerous section 130 and some section 125 consolidations which involved cash payments, and apparently without feeling the need to amend the statute to prohibit this type of activity or specifically permit it. As Applicants correctly point out, the Legislature is presumed to be aware of the interpretation that has been given sections 125 and 130, and has not acted to prohibit or restrict this interpretation. In addition, no one has apparently felt so uncomfortable with the Bureau's interpretation so as to seek explicit cash permitting or prohibiting language.

By way of example of the many times the Commissioners of the Financial Institutions Bureau have allowed cash considerations, the Applicants, in their Memorandum in support of the application, listed twenty-four section 130 consolidations approved and effected since 1979 which involved cash consideration in whole or in part. Five section 125 consolidations involving cash exchanges in whole or in part occurring since 1979 were also displayed by Applicants, as were twenty-one Banking Code amendments made since section 130 was enacted. Some of the consolidations transpired in close proximity to dates on which the Legislature made amendments to the Banking Code. For example, amendments of section 23 (effective 4-2-80), 231 (effective 3-31-80), 197 (effective 7-10-80), 211 (effective 4-2-80), and 233 (effective 3-31-80) were passed by the Legislature in 1980.

Section 130 consolidations with cash consideration involving State Bank and Trust Company of Petoskey (1-1-80), First of America Bank-Bay Area, Sebewaing (1-10-80), First of America Bank-Wayne Oakland, Royal Oak (7-1-80), Security Bank of Richmond (7-1-80), and Ludington Bank and Trust Company (9-30-80) also occurred in 1980. A section 125 consolidation involving cash was effected between State Savings Bank of Clinton and Manufacturers Bank of Saline on December 12, 1980.

Within approximately one year prior to the several 1980 amendments to the Banking Code, section 130 consolidations with cash consideration were effected involving Central Michigan Bank & Trust, Big Rapids; Monroe County Bank, Dundee and First of America Bank-Van Buren, Hartford. A section 125 consolidation with cash consideration was had between The Farmers & Merchants State Bank of Merrill and Frankenmuth Bank & Trust effective January 1, 1979. Each of these consolidations required an application with the Bureau, and each application requires that notice of the same be given to the public. Thus, opportunity for comment on the consolidations was available in much the same way that opportunity exists to comment on amendments to the Banking Code. As applicants have pointed out, the Legislature, presumably aware of the Bureau's interpretation of, and action on, section 125 and 130 consolidations, did not act to prohibit or restrict that interpretation even though ample opportunity to do so was demonstrated. Neither did any other party seek legislative action on the cash issue, even though knowledge of such transactions and opportunity to suggest prohibition of cash or clarification of its permissibility were readily available.

A series of arguments similar to those made against this application could also be made in connection with the payment of cash for fractional shares resulting from a stock for stock exchange pursuant to a section 125 or 130 consolidation. Cash for fractional shares has also been allowed numerous times although that too is not specifically authorized by either section.

Applicants have argued that because of the numerous other occasions when the Commissioner authorized bank consolidations involving cash as a consideration, including one in which Comerica Incorporated participated, he is somehow now foreclosed from ruling differently. This argument is not persuasive. The Commissioner agrees with Protestant that an approval cannot rest solely upon a consideration of past practices. The Commissioner's rulings cannot make legal that which is clearly not legal. However, when the statute is ambiguous and where

there has been a logical, consistent application of the statutory provisions, the principal of legislative acquiescence is persuasive, especially when the statutory history and legislative intent is not entirely certain.

At the conclusion of the Oral Argument, the Commissioner asked the parties to brief two additional issues. The first related to whether state law regarding consolidations of banks for acquisition by a bank holding company was intended to be an adoption of the Federal statutory provisions. The second was whether there were policy reasons for the apparent differences between the Michigan Business Corporation Act and the Banking Code as they pertain to consolidations.

Both parties, in essence, agreed that it was not intended there be an exact copying or adoption in toto of the Federal banking law provisions, which incidentally do clearly provide for cash considerations. In fact, section 130 does not even seem to be principally based upon Federal law. Accordingly, the Commissioner cannot simply rely on interpretations of the Federal provisions that have been made by the Federal bank regulators to resolve the cash payment issue.

As to the other issue and aside from speculation, it did not appear to either party that there were cogent policy reasons for treating banks differently from general business corporations. At page 5 of their response to these questions, Protestant states:

> "We submit that there may be various reasons why the statutory difference exists, some of which rest on valid and historical policy grounds which, to our mind, continue to have validity. Regardless, of whether the specific policy basis can be conclusively identified, however, the Commissioner must ultimately decide whether the clear difference in language was inadvertent or intended. We believe there is sound historical reason to believe it was intended and should be enforced."

For all of the reasons stated in this order, the Commissioner is of the opinion the differences in language was inadvertent. Furthermore, in the opinion of the Commissioner, the restrictive interpretation urged by Protestant should not be adopted. Those historical policy reasons that may have existed to justify a narrow interpretation, based on the stricter laws and regulations that apply to financial institutions generally, do not apply here. There is no compelling reason to change the interpretation that has been applied in numerous consolidations to date. To the contrary, the Comptroller of the Currency, the regulator of national banks allows cash as a consideration, and that has not negatively affected the banking industry of this state or of the nation. There are substantial regulatory tools available to the Commissioner to forestall or correct any problem that might be caused by the use of cash as consideration in a consolidation. To prohibit cash as a consideration exalts form over substance because the transaction could easily be styled to avoid a cash prohibition with no practical distinctions being apparent. Further, the Commissioner perceives no significant public interest that would be served by Protestant's interpretation of the statutes in question, and finds the safety and soundness of the organizations is not damaged or diminished by use of cash as consideration in the transaction. Finally, although definitely not a controlling factor, if the Protestant's position were adopted, all those consolidations which have been "illegally" effected would be, at best, questionable. In the absence of some compelling reason to do so, these earlier consolidations should not be disrupted.

In addition to the considerations incident to the protest lodged by Protestant, the Commissioner is obligated to review the proposed consolidation in accordance with section 125. This review has been accomplished and the statutory provisions are found to have been satisfied by the Applicants.

Theretore, the application of PSB State Bank, Pontiac, Michigan for permission to consolidate with Pontiac State Bank, Pontiac, Michigan under the charter of PSB State Bank and under the name of Pontiac State Bank is APPROVED.

Pursuant to section 30 of the Banking Code, supra, either of the parties who filed written statements under the statute, if dissatisfied with this Order, may file a written request for reconsideration of the Order with the Commissioner within five (5) days hereof, stating the reason for such request, which shall then be taken under consideration by the Commissioner. This request for reconsideration is a prerequisite to any further appeal of this order.

Dated: December 8, 1983

NOTE:

Subsequent to the entry of the above Order, Comerica Incorporated perfected its appeal rights by requesting a Reconsideration and Stay of the Effect of the Order dated December 8, 1983. This request and a Petition for Entry of an Order Staying Proceedings were both denied by the Commissioner.

Comerica Incorporated then appealed the Orders of the Commissioner in the Ingham County Circuit Court, C.A. No. 83-51351 AA. The appeal is pending as of the publication of this annual report.

EXCERPTS FROM RESPONSES PRESENTED AT COMMISSIONER KUTHY'S SENATE CONFIRMATION HEARING

Q: What is your position on the future of state branching in Michigan?

A: Current law severely restricts the branching radius of Michigan banks. Bank branching is limited to the bank's home county or within a 25-mile radius if in another county. Branching is further restricted within that radius in that a bank cannot branch away from its home city into another incorporated city or village if another bank is in operation in that city or village. This latter restriction is known as the home office protection clause. I would recommend that legislation be adopted to repeal the home office protection clause. This clause has been anti-competitive in its effect since it insulates banks from competition from out-of-town banks. Additionally, it leads to inconvenience for persons who commute to work across city or village boundaries. Ofttimes, these persons cannot find convenient offices of their bank close to their residence as well as their workplace. Repeal of the clause would not widen the branching radius, but would allow banks to serve their customers more conveniently within the existing branching radius. This change would also give us a better indication of the impact of branching liberalization on small banks. Based upon the impact, we could determine if further changes should be adopted which would broaden the banking radius.

Q: Do you support the initiatives presently underway (SB 187) to open entry to Michigan's foreign banks for commercial and industrial loan purposes?

A: Yes, I believe that the state's efforts to attract foreign investment would be enhanced if foreign bank agencies were allowed to operate within the state.

Q: Would you like to see the role of foreign banks in Michigan expanded so that they can become depository institutions?

A: I would not support authorizing foreign banks to accept deposits. Such a change would not be desirable until branching restrictions are liberalized on an intrastate and interstate basis.

Q: What role do you see Michigan playing in the area of interstate banking?

A: I do not think legislation should be enacted to permit interstate branching until such time as intrastate branching is liberalized. In this way, Michigan banks will be better able to compete with out-of-state banks.

Q: What are the advantages and disadvantages for Michigan institutions in interstate banking?

A: Interstate banking would permit Michigan banks to serve markets which spill across state lines. This occurs in some places on the Ohio, Indiana and Wisconsin borders. Also, it would enable banks to serve more conveniently, customers who have seasonal migration patterns between Michigan and states with warmer winter climates. Interstate banking, however, would mean more competition for Michigan banks as large banks domiciled in New York, Chicago, and San Francisco may branch into Michigan.

Q: In interstate banking, EFT/Electronic Fund Transfers, use has become widespread. What is your opinion of EFT use if Michigan becomes involved in interstate banking?

A: EFT is a means by which financial institutions can deliver financial services efficiently and conveniently. Michigan law now allows interstate EFT services. Several banks are gearing up to offer such services. I support these efforts to provide services to Michiganians who travel to other states. Under existing law, the services available to customers on an interstate basis could not include the acceptance of deposits by way of the EFT terminals.

Q: Will the role of financial institutions in Michigan change significantly in the next few years? If so, how?

A: Since financial institutions have a vested interest in the economic well being of the state, I see them playing a very important role in supplying venture capital to assist in broadening the state's economic base.

Q: Do you believe that banks will eventually be involved in the insurance and securities business?

A: Yes. This is already occurring in South Dakota and may occur in Delaware in the near future.

Q: What, if any, usury reform do you plan or propose?

A: I believe that any move toward deregulation of interest ceilings for depository institutions should be part of a broader strategy to revitalize the Michigan economy. Depository financial institutions should be permitted and encouraged to play a larger role in supplying venture capital to emerging growth companies. A part of this effort could involve a relaxation and simplification of interest rate ceilings.

Q: What role will Michigan's financial institutions play in the Governor's Michigan Strategic Investment Funds (MSIF)?

A: See answer to previous question.

Q: Please explain in detail your philosophy of the role and responsibility of the Commissioner of the Bureau to advocate changes in existing law, administrative rules, and proposing new legislation.

A: I believe the Commissioner should take an active role in advocating changes in legislation which will be beneficial to the Michigan public. We will be continually reviewing the laws which we administer and will recommend amendments to reflect changes in the financial industry or to eliminate consumer abuses. I will take a more active role in determining which laws and administrative rules are an impediment to economic development in this state. If changes can be made which will facilitate economic revitalization, I will recommend such changes.

Q: Briefly describe what you personally hope to accomplish during your tenure as Commissioner.

A: In the past, the Bureau has played a very limited role in the state's economic development initiatives. During my tenure as Commissioner, I would hope to effectively utilize the resources of FIB to assist in the state's economic strategy. The Bureau can play a significant role in fostering economic growth without significantly altering its traditional role of safety and soundness and consumer protection.

Additionally, I would like to modernize laws and rules under which financial institutions operate in order to enable them to compete more effectively in a deregulated environment. Federal regulations now permit depository financial institutions to pay any rate of interest on virtually all deposits. These changes have brought about significant increases in the competition for funds which in turn forces financial institutions to restructure their assets in order to maintain profitability.

I will also take steps to make credit union services more available to Michigan residents. Credit unions perform a vital service for many Michigan consumers. Currently, credit union membership is not available to all Michigan residents because of the requirement that only persons within a common bond of membership could join a credit union. In the past, this requirement has been strictly interpreted. On May 6, 1983, I issued new policies which liberalized the interpretation of this provision to the greatest extent possible within the confines of existing law.

Q: Please outline in detail what you perceive to be the primary problems, if any, facing financial institutions in Michigan. As Commissioner, what steps have you taken, or will you take, to address these problems?

A: The primary problem facing financial institutions is increased competition for deposits from within the financial industry as well as from non-depository financial institutions. The more intense competition results from the removal of interest restrictions on deposit accounts and the entry of brokerage houses and retailers into financial services traditionally the domain of banks and other financial depositories. The problem is compounded by the fact that banks are severely restricted in their geographic scope of operations by branch banking laws, while non-bank competitors are not.

I will strive to modernize the regulatory framework under which financial institutions operate. I have already taken steps to assure that a greater percentage of Michigan's population can obtain credit union services. Also, we are working on a recodification of the Credit Union Act and considering a recodification of the Banking Code. These changes will modernize the regulatory laws to reflect changes in the financial industry. Also, as Commissioner I will strive to assure that Michigan's financial institutions have sound management capable of facing the new competitive pressures.

Another problem which financial institutions must address is ways in which to assist in Michigan's economic revitalization. As financial intermediaries, they channel funds from the ultimate suppliers of credit to the ultimate users. Existing laws and regulatory framework does not permit depository institutions to supply venture capital to promising new business ventures. I am currently developing some suggestions for the administration to include financial institutions in the venture capital formation process.

Q: Please outline the legislative proposals, if any, the Bureau will be presenting to the Legislature for the current session (82nd Legislature).

A: The Bureau has several major legislative proposals for the current session. There is a bill to permit the operation of foreign bank agencies in Michigan (Senate Bill 187). This bill has already passed the Senate and is currently in the House. Allowing foreign banking in Michigan will assist the State in its efforts to attract foreign investments.

A second bill drafted by the Bureau would allow a bank in imminent danger of failure to be merged with any other bank notwithstanding the branching limitations in the Banking Code. This legislation will provide greater flexibility to state and federal regulators in dealing with banks in serious financial difficulty. Additionally, it will help to assure that continued banking services will be available to residents in an area served by a bank in imminent danger of failure.

The Bureau, in conjunction with the Michigan Credit Union League, is working on a recodification of the Credit Union Act. The recodification would give credit unions the power to serve virtually all the financial needs of their members. These changes are necessary to allow credit unions to compete effectively with other depository institutions.

Another bill would repeal state imposed reserve requirements for state-chartered banks. These requirements have become redundant since federal law now requires all financial institutions to maintain reserves with a regional federal reserve bank. Passage of this legislation would remove the need for state banks to maintain reserves separately to meet state requirements as well as requirements imposed by the federal reserve system.

Legislation will be introduced to place the Bureau's regulatory program for non-depository financial institutions on a self-funded basis. The Bureau regulatory program for depository financial institutions was placed on a self-funded basis by legislation enacted in 1982.

Q: What changes, if any, would you recommend be made in Michigan's bank branching laws?
1. Would you support legislation permitting banks to branch statewide?
2. In your judgment, what special benefits, if any, would authorization of statewide bank branching provide:
   a. To the consumer?
   b. To state and local economies?
3. Under a system of statewide branching, what safeguards, if any, should be established to protect small, independent banks from predatory activities on the part of large banks?

A: 1. I would support removal of the home and branch office protection clause contained in the Banking Code. I would not, however, support authorizing statewide branching until the Bureau has had sufficient time to evaluate the effects of a removal of the home and branch office protection clause.

2. a. Most of the research seems to indicate that liberalizing bank branching laws would increase convenience for consumers, particularly in local markets. Removal of the home and branch office protection clause, in particular, would increase the locational convenience for consumers in local markets throughout the state. (See also response to 2b)

2. b. Liberalizing the state branching law likely would increase competition in local markets and result in increased lending by banks of all types -- unit, branch, and holding company subsidiary. For example, there is some evidence to indicate that banks in states with more liberalized branching laws allocate a larger percentage of their assets to loans than do similar banks in unit banking states. It would appear that more vigorous competition has produced that result.

3. Other states, including Ohio and New York, which changed from limited to statewide branching, provided for a phase-in period. I do not believe that the allegation that large branch banks engage in predatory practices has been well documented. There are at least two reasons for having a phase-in period. First, it would enable banks, especially smaller banks, to develop a strategy to prepare for the more intense competition which would ensue upon completion of the phase-in period. Second, a phase-in would enable the Bureau and other interested persons to evaluate the effects of each intermediate step.

SPEECH PRESENTED BY COMMISSIONER KUTHY TO THE
MBA CONSUMER CREDIT CONFERENCE

September 13, 1983

I've been asked today to present a regulatory outlook for banking. Before we glance into the future, I would like to examine briefly the events of the recent past.

In the past few years, you've seen simplification of truth-in-lending, new authority to make variable rate mortgages and provide discount brokerage services, removal of deposit interest rate ceilings, pre-emption of loan interest rate ceilings and a multitude of other changes I'm sure I don't have to list for you. These changes have been designed to reduce compliance costs for banks, to give consumers a broader spectrum of services and service providers, and to improve competition among financial service providers.

At the state level, we have streamlined procedures for handling bank applications, cut the number of reports banks must file with the Bureau and simplified administrative rules for banks. As you probably know, during the last three years the Bureau pursued less successfully, but with greater publicity, certain other reforms in banking law. It developed a bill to permit foreign banks to open agency offices in Michigan in hopes that these would bring more investment capital into the state and encourage foreign businesses to open new facilities here. This was supported overwhelmingly by the Senate during the 1981-82 session but wasn't acted on by the House before the end of the session. The Bureau, under my predecessor, also pushed strongly for liberalization of the geographic restrictions on bank branching. This raised protests from those who feared large banks and bank holding companies would have an unfair competitive edge over smaller community banks; and this bill, too, expired in committee.

But the single most emotional issue raised during the past few years, was loan interest rate reform. Strong interest groups took inflexible stances on both sides of the issue. One side - my predecessor and a coalition of creditor groups - urged total removal of such ceilings on economic grounds. The other side - primarily consumer and labor groups - said total deregulation offered too much opportunity for exploitation of consumers. As time progressed, this stalemate continued and the component organizations of the creditor coalition - whose interests, after all, were far from identical - began to pursue legislation to deal with the specific problems facing their own constituencies. I think it is significant that, by the end of 1982, the only industries to receive rate relief were those which compromised on temporary increases in amounts less than they originally asked.

With that background, let's try to anticipate what may come under the new administration. I believe the deregulation trend will continue and that more reliance will be placed on competitive market forces to achieve a continued supply of services at fair prices. Of course, the market as a credit allocator has some imperfections. Ideally, competition requires that there be a relatively large number of sellers and few legal or other barriers to entry into the market so that no one seller has power over prices. Competition cannot work well in a local market having only one financial service provider which is protected by artificial barriers to entry. In Michigan, due largely to the home and branch office protection clause in the banking code, there were 423 one-bank towns at the end of 1982. Certainly, there were credit unions or savings and loan associations operating in some of these towns, and some others were located near metropolitan areas containing multiple alternative financial institutions; but for residents of many one-bank towns, that single bank office had a local monopoly. While institutions with local monopolies may not necessarily price as though they had monopolies, I believe that there is a greater incentive to price competitively and offer new services if competition or the threat of it is present; and for that reason, I would support removal of the home and branch

office protection clause from the banking code.

Now, if we assume that there are a number of competitors in a market for financial services, competition may not work very well if the buyers of financial services don't have complete information on sources and prices of the desired services. To a degree, truth-in-lending has made comparison shopping for some products easier, but I believe that as greater reliance is placed upon market forces, in recognition of this information gap, creditors will be asked to provide more information about their product range and prices. That is, the price of deregulation likely will be a greater responsibility on the part of financial institutions for providing consumers with more useful information so that they can perform their "informed shopper" role more effectively. I will support cost-effective efforts to increase information available to consumers.

The Bureau, too, can play a larger role in educating consumers about financial services. Currently, it provides speakers to address community groups about financial topics on request, but the service hasn't been heavily publicized in the past. It has published brochures about how to shop for credit, explaining average daily balance on credit cards, and describing the mortgage anti-redlining law for consumers. We have another coming out in a few weeks on mortgage escrow accounts and still in the planning stages, are some on EFT, mortgages, due-on-sale clauses and checking accounts. Some institutions have found these publications helpful in explaining their services to customers and they maintain a stock in their lobbies.

Clearly, we can all do more in this area. In the long run, I think a strong consumer education program can reduce the need for detail oriented regulation of the day-to-day operation of your banks.

There are a lot of things I would like to accomplish during my tenure. Certainly, the legislative lineup gives me a great deal of scope for activity. My goals for the immediate future are two. That probably sounds pretty limiting but I want to concentrate my efforts in the areas I feel are most important. The Bureau took a shotgun approach to legislation last session. That is, I think it spread itself thin, trying to achieve too many goals, and this may have contributed to its lack of success on some of the most controversial issues. I feel my plate is full with the two issues I'm concentrating on right now. These are: passage of legislation to enable banks and other depositories to participate in the venture capital formation process with certain inducements including interest ceiling relaxation, and passage of the foreign banking bill.

I will spend some time to provide you with some background information on the former. Governor Blanchard appointed me to this post, he said, because he wanted a fresh perspective on the industry - someone with a broader business and professional background. He also has expressed a desire to have capital and credit providers involved in his economic development and job creation plans. To assure success of his economic development efforts, equity capital must be available for business growth and new business development and we need to know that credit will be available for consumers to purchase the new goods and services. The governor recognizes that participation by the state's financial institutions will be a major determinant of the success or failure of his revitalization efforts.

Part of the economic development package has been finalized and is before the legislature. This autumn should see action on bills to establish a central authority to be responsible for all state economic development and recovery programs. This Michigan Strategic Fund, as it is known, would assume the functions of the existing Job Development and Economic Development authorities and administer several new programs, including a center for minority venture capital and a center for product development, among others. The part of the economic development package which has not yet been finalized is the venture capital and interest relaxation package I alluded to earlier. This package, as it stands now, would permit the Michigan Strategic Fund to charter several strategic venture capital

investment corporations (SVCIC's). These would be privately managed venture capital companies owned by depository financial institutions and other investors. Depository financial institutions would receive certain incentives, including interest ceiling relaxation to induce their participation in the SVCIC program. These privately-owned companies would, it is anticipated, control a pool of venture capital large enough to attract new businesses to the state and encourage expansion and new product development by existing Michigan firms. The SVCIC's would largely make equity investments in emerging growth companies and existing companies with promising product ideas in an effort to diversify the state's economic base.

The negotiation process on this package has been most interesting to me. We've seen this proposal develop from a somewhat vague concept to a very concrete, nuts and bolts, proposal establishing licensing procedures, operating framework of the SVCIC's and specific incentives for investments in SVCIC's. We have met fairly regularly with the financial industry and the consumer and labor groups to iron out details of the proposal in an effort to put together an attractive package of incentives for financial institutions to invest in SVCIC's. The stridency level is much lower now than it has been for several years and interest ceiling relaxation can be discussed more objectively. Also, the success of the strategic venture capital investment companies is very important to some of the most vocal past opponents of rate reform. They recognize that reasonable reforms in rate ceilings may elicit widespread participation in the strategic venture capital investment companies. I think, at this point, that most of the bugs have been worked out and that we're closer to agreement on a final package. The next meeting or two should determine whether the proposal sees the light of day; and if it does, I would think that it has a good chance of passage in the legislature.

The foreign banking bill is also a priority issue for me for similar reasons, in that the bill was intended to attract new capital for investment purposes into this state. Regulators in states which have permitted foreign banks to establish offices report that foreign banks have, indeed, made sizable investments in their states and that the presence of foreign banks in a state can be attractive to foreign industries looking to establish U.S. offices. If this is true, and if foreign banks do establish offices in Michigan and if foreign manufacturers and service providers follow their foreign banks into Michigan, then this bill, too, could create jobs for Michigan residents. This bill has already passed the Senate and rests now in a House subcommittee.

Those two issues are my top priorities this year; but there are other bills which were unsuccessful last year which have been reintroduced and which may have a good chance of success this year. One of these is a bill to eliminate reserve requirements imposed under the banking code, which duplicate reserves now required by the Federal Reserve under the Monetary Control Act of 1980. This bill has already passed the Senate and may be enacted this fall. Another bill introduced this year, which has popped up several times in the last few years without success, and which illustrates consumers' desire for better information, would require use of simple English contracts by banks and other businesses. Some banks have already begun to change at least their consumer loan contracts into a form that is easily understandable by the average person. This bill has already passed the House and is in a Senate committee. Several other states have adopted similar measures.

For the past few years, merchants have been pushing to enact legislation that would, they believe, reduce their risk of accepting bad checks. One of the bills that has been introduced this session would require every check to include on its face the month and the year in which the account was opened. Many retailers believe that the majority of their bad checks come from relatively recently opened accounts and that knowing the date an account was opened would help them to cut their losses. Other studies indicate that is not the case. It is hard to say whether this bill will or will not be successful, but you may want to track its progress.

Events nationally have influenced some of the legislation that has been introduced this year. The recent flurry of bank failures nationwide has not significantly affected Michigan, but there is now a bill before the legislature to allow an out-of-state bank holding company to acquire a Michigan bank in danger of closing. Since it gives preference to domestic banking organizations, this bill appears to be in the nature of a safety net to help assure continued availability of bank services to a community and may, therefore, encounter less opposition than a straight interstate banking measure.

Also, there are bills on both sides of the bank insurance agency issue. House Bill 4722 would prohibit financial institutions of all kinds from getting licensed as insurance agents. On the other hand, Senate Bill 368 would permit banks to engage in insurance activities. Congress, too, is examining this issue. Whether any legislation will be enacted soon is uncertain. I have not had a great deal of time to study the issue and develop a personal position on it.

Bureau staff have two other bills "in the works." The first one that is likely to appear is a bill we call the "Garn-St Germain Parity Bill For State Banks." This would give to state-chartered banks powers similar to those granted to national banks under the Garn-St. Germain Act last October. This would include such things as being able to invest in a bankers' bank, removing the statutory limits on banks' mortgage and education loans to executive officers, increasing the lending limits under sections 196 through 198 of the banking code, allowing a bank to change its name without getting approval of the Commissioner of the Bureau, and eliminating limitations on bank borrowings under section 233. I think the bill is reasonable and hope to see it introduced and adopted this session.

The other bill, a recodification of the banking code, is likely to appear at a much later date. We hope to eliminate obsolete and unnecessary provisions and clarify areas which are vague or ambiguous. If you have suggestions for improvements in the code, please convey them to me.

Growing use of Electronic Funds Transfer terminals has prompted introduction of a bill to deal with the problem of lost and stolen debit cards. This session, we may see an amendment to the Michigan penal code which would establish penalties for theft and improper use of debit cards similar to the penalties in effect for theft and use of credit cards.

The winds of change are upon us. The prevailing wind is blowing us toward a new and, I believe brighter, economic horizon. Certainly the direction of change is positive, but I have discovered, as I am sure you will agree, that its intensity can be daunting.

OFFICE OF REGULATION

GARY K. MIELOCK
Deputy Commissioner

BANK AND TRUST DIVISION

GIFFORD KNUDSEN, *Director*; Donald Mann, *Assistant Director*; Stephen Trembath, *Senior Review Examiner*; Joseph Petterson, *Supervisor, Corporate Activities*; Steven Cutshaw, *Applications Coordinator*; M. Janet Hunter, *Corporate Activities Analyst*; Linda Whitford, *Corporate Activities Analyst*

Examiners:

Region I Detroit	John Schumacher *(Regional Supervisor)*, Walter Baier, James Brown, II, Richard Bushaw, Duane Gaunt, Donald Hermann, Michael Lesiak, William Pilkington, Larry Snively, Chris Werwega
Region II Lansing	Ralph Morr *(Regional Supervisor)*, Karen Ammarman, Michael Anderson, Dawn Baetson, LeRoy DeFors, Patrick Holleran, Suzanne Horn, Charles Lentz, Curtis McMillin, Donald Priestley, Sandra Slee, Gary Thielsen
Region III Grand Rapids	Irwin Van Noord *(Regional Supervisor)*, Robert Alexander, Roger Barry, Thomas Curtiss, Gordon Freeman, Karl Johnson, Charlie Kohler, Donald Pickel
Region IV Northern	Dale Fockler *(Regional Supervisor)*, Thomas Fillman, Michael Friedrich, James Frost, Kathleen LaChapelle, Lonnie Lint, James McMullen
Region V Upper Peninsula	Vacant *(Regional Supervisor)*, Gary Groves, John Lyle, Patricia Ramspeck, David Theoret

CREDIT UNION DIVISION

MICHAEL FITZGERALD, *Director*, Tim Standfest, *Assistant Director, Examination and Supervision*; Richard Busche, *Assistant Director, Administration*; Nada Van De Moortel, *Review Examiner*

Examiners:

Region 1 Out-State	Paul Kish *(Acting Regional Supervisor)*, Robert Ehrensperger, A. Ann Gaultney, Alfred Hood, William King, Suzanne Koch, Roger Little, Gerard Marsh, Shobha Mehra, Leanne Thelen, Keith Van Noord
Region 2 Detroit	Douglas Peitzsch *(Regional Supervisor)*, Delores Thomas Bledsoe, Alice Censier, Richard Lowe, Wanda Marshall, Ronald Miller, Kathleen Sullivan
Region 3 Detroit	Alan Peterson *(Regional Supervisor)*, Robert Andrews, Michele Konkel, Stanley Kossakowski, Anna Narsisian, David Rogers, Donald Walters

SAVINGS AND LOAN DIVISION

DARWYN SANBORN, *Director*; Phillip Dunnebacke, *Senior Review Examiner*

Examiners: Allan Huber, Leigh Scherzer

Listing as of April 30, 1984

BANK AND TRUST DIVISION

Michigan's state-chartered banks are regulated and supervised under the authority of Act No. 319 of the Public Acts of 1969 (the Michigan Banking Code of 1969, as amended) by the Bank and Trust Division. The major responsibility of the division is to ensure that each state-chartered bank is financially safe and sound. This is accomplished through the examination and supervision process and the regulation of such corporate activities as new bank charters, consolidations, conversions, branch applications and capital and trust programs. Another responsibility of the division is to ensure that banks are serving the need of communities in which they operate. The division accomplished this objective by responding to consumer complaints and by ruling on applications for new charters and branches.

Examinations

As of December 31, 1983, the Bank and Trust Division regulated 248 state-chartered banks with assets of $29.9 billion. The examination of state-chartered banks is the primary means by which the division monitors the operations and financial condition of these institutions.

During an examination, the examiners gather data and analyze certain key factors. These include the quality of assets, capital adequacy, earnings, liquidity, management capabilities and compliance with the law. Examiners also review the formal written policies established by a bank's Board of Directors and management's adherence to the policies. The Bank and Trust Division may examine a bank independently of or concurrently with examiners of the Federal Reserve System (FRS) or the Federal Deposit Insurance Corporation (FDIC).

In 1983, all state-chartered banks were examined either by the Bureau, FRS or the FDIC. The Bank and Trust Division examined 151 or 60.9% of all state-chartered banks in 1983, seven less than it examined in 1982. Assets of banks examined by the division during 1983 amounted to $22.3 billion or 74.6% of the total assets for state-chartered banks.

Bank Supervision

The Bureau had 26 banks on its problem list as of December 31, 1983. This list is not static and most banks do not remain on the list very long. During 1983, five banks were added to the list and eight deleted. Problems in the newly-designated problem banks included lack of adequate liquidity, asset deficiencies, poor earnings, inadequate capital, and management unable to cope with changing market conditions. The Bank and Trust Division, in its efforts to alleviate weaknesses found in problem banks, conducted 60 board meetings, made 75 follow-up visitations, issued seven memoranda of understanding and one cease and desist order in 1983. The table below provides information pertaining to problem banks over the last five years.

	Total Banks Supervised	Problems Removed	Problems Identified	Current Problems
1979	247	13	11	22
1980	250	6	7	23
1981	250	6	10	27
1982	251	7	9	29
1983	248	8	5	26

Structural Changes

Between December 31, 1982 and December 31, 1983 the number of state-chartered banks decreased by three. This decrease was the net result of a new bank being established, conversion of a national bank to state charter and five consolidations (each involving two state-chartered banks.)

River Place Financial Corp., a limited purpose bank, was approved by the Bureau in 1983. The bank is wholly-owned by the Stroh family but independent of the Stroh Company. It will make loans to buy and improve property in the area of River Place, Detroit, work with economic development organizations and bring investors together to generate new projects. It will not accept deposits from the public or compete directly with other banks. (See order on page 36.)

The number of branch offices decreased from 1,158 on December 31, 1982, to 1,140 as of year-end 1983, a decrease of 18 offices. This decrease was the net result of 39 branch closings and 21 new openings.

Legislation, Administrative Rules and Bank Bulletins

Three sections of the banking code were amended during the year. Public Act No. 94 of 1983 amended sections 223 and 226 and repealed section 225 by prescribing when and in what form state-chartered banks must submit reports; Public Act No. 214 of 1983 made technical amendments to section 181 which deals with trust powers; and Public Act No. 221 of 1983 amended section 151 to allow banks to purchase shares of stock issued by an agricultural credit corporation or a corporation organized solely for the purpose of making loans to farmers and ranchers for agricultural purposes.

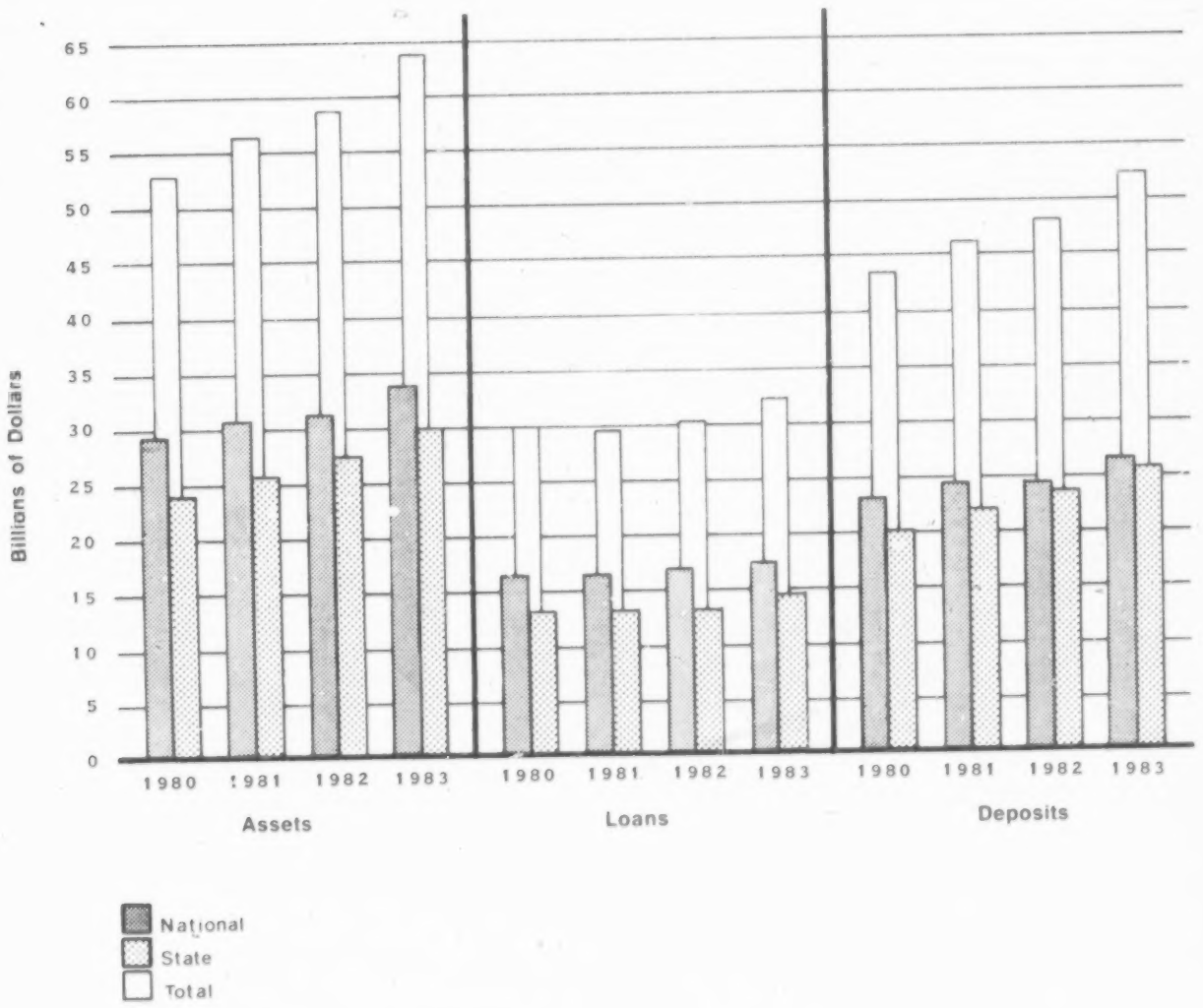
Bank Holding Companies

As of December 31, 1983, 49 bank holding companies controlled 134 state-chartered banks and 85 national banks. Single-bank holding companies controlled 18 state-chartered banks and 8 national banks while multi-bank holding companies controlled 116 state-chartered banks and 77 national banks. Total deposits of banks controlled by bank holding companies, as of December 31, 1983, were $44.3 billion or 84.4% of the $52.5 billion total deposits held by all banks (state and national) in Michigan. The following table provides comparative data for Michigan's bank holding companies:

	1978	1979	1980	1981	1982	1983
Bank Holding Companies (BHCs)	42	41	38	38	40	49
BHC Banks	153	168	182	199	208	219
BHC State Banks	82	98	106	118	124	134
BHC National Banks	71	70	76	81	84	85
Single BHCs	20	17	14	18	19	26
Single BHC State Banks	15	13	10	13	12	18
Single BHC National Banks	5	4	4	5	7	8
Multi BHCs	22	24	24	20	21	23
Multi BHC State Banks	67	85	96	105	112	116
Multi BHC National Banks	66	66	72	76	77	77
BHC Deposits*	$30.3	$31.1	$33.2	$37.5	$39.7	$44.3
Total Bank Deposits*	$40.6	$41.2	$43.4	$46.1	$48.2	$52.5
BHC Deposits - % of Total Bank Deposits	74.6%	75.5%	76.5%	81.3%	82.4%	84.4%

*Billions of Dollars

COMPARATIVE CHART OF ASSETS, LOANS AND DEPOSITS OF STATE AND NATIONAL BANKS IN MICHIGAN



CONSOLIDATED BALANCE SHEET OF STATE BANKS

(000's Omitted)

ASSETS	251 Banks 1,156 Branches December 31, 1982	248 Banks 1,140 Branches December 31, 1983	Percent Increase (Decrease)
Cash and due from depository institutions	$ 5,660,692	$ 5,962,616	5.3%
U.S. Treasury securities	1,887,598	2,857,179	51.4
Obligations of other U. S. Government agencies and corporations	1,475,435	1,491,680	1.1
Obligations of States and political subdivisions in the United States	2,574,887	2,458,516	(4.5)
All other securities	274,660	429,688	56.4
Federal funds sold and securities purchased under agreements to resell	1,097,821	961,577	(12.4)
Loans, Total (excluding unearned income)	13,466,081	14,622,989	8.6
Less: Allowance for possible loan losses	142,432	152,540	7.1
Loans, Net	13,323,649	14,470,449	8.6
Lease financing receivables	30,762	30,412	(1.1)
Bank premises, furniture and fixtures and other assets representing bank premises	460,304	469,075	1.9
Real estate owned other than bank premises	71,826	95,465	32.9
All other assets	648,036	696,382	7.5
TOTAL ASSETS	$27,505,670	$29,923,039	8.8
LIABILITIES			
Demand deposits of individuals, partnerships and corporations	$ 3,194,236	$ 3,369,170	5.5%
Time and savings deposits of individuals, partnerships and corporations	18,135,908	19,893,926	9.7
Deposits of United States Government	29,886	29,738	(0.5)
Deposits of States and political subdivisions in the United States	* 1,804,714	* 1,728,472	(4.2)
All other deposits	329,329	561,744	70.6
Certified and officers' checks	232,506	266,912	14.8
TOTAL DEPOSITS	$23,726,579	$25,849,962	8.9
Federal funds purchased and securities sold under agreements to repurchase	1,072,860	1,233,943	15.0
Interest-bearing demand notes (note balances) issued to U.S. Treasury and other liabilities for borrowed money	252,599	195,017	(22.8)
Mortgage indebtedness and liability for capitalized leases	22,927	20,369	(11.2)
All other liabilities	551,202	587,694	6.6
TOTAL LIABILITIES	$25,626,167	$27,886,985	8.8
Subordinated notes and debentures	$ 81,546	$ 76,688	(6.0)
EQUITY CAPITAL			
Preferred stock	$ 1,550	$ 1,790	16.2%
Common stock	356,284	361,534	1.5
Surplus	716,519	809,082	12.9
Undivided profits and reserve for contingencies and other capital reserves	723,544	786,960	8.8
TOTAL EQUITY CAPITAL	$ 1,797,957	$ 1,959,366	9.0
TOTAL LIABILITIES AND EQUITY CAPITAL	$27,505,670	$29,923,039	8.8
*Includes deposits of State money - Michigan	$ 27,604	$ 48,581	76%

LOANS HELD BY STATE BANKS

(000's Omitted)

	December 31, 1982	December 31, 1983	Percent Increase (Decrease)
Real estate loans:			
Construction and land development	$ 113,447	$ 146,202	28.9%
Secured by farmland	152,092	153,508	0.9
Secured by 1-4 family residential properties	4,500,038	4,493,044	(0.2)
Secured by multi-family (5 or more) residential properties	135,921	125,579	(7.6)
Secured by nonfarm nonresidential properties	1,395,215	1,409,772	1.0
Loans to financial institutions	539,967	500,246	(7.4)
Loans for purchasing or carrying securities (secured and unsecured)	16,714	11,405	(31.8)
Loans to finance agricultural production and other loans to farmers	341,492	409,466	19.9
Commercial and industrial loans (except those secured primarily by real estate)	3,470,983	4,012,186	15.6
Loans to individuals for household, family, and other personal expenditures (includes purchased paper):			
To purchase private passenger automobiles on instalment basis	879,848	1,206,979	37.2
Credit cards and related plans	563,296	741,083	31.6
To purchase mobile homes (excludes travel trailers)	155,992	134,522	(13.8)
All other instalment loans for household, family, and other personal expenditures	667,981	726,545	8.8
Single-payment loans for household, family, and other personal expenditures	429,213	437,584	2.0
All other loans	309,530	291,420	(5.8)
Total loans, Gross	$13,680,617	$14,799,541	8.3
Less: Unearned income on loans reflected in items above	314,536	176,552	(43.7)
TOTAL LOANS (excluding unearned income)	$13,366,081	$14,622,989	9.4

CONSOLIDATED STATEMENT OF OPERATIONS AND CAPITAL OF STATE BANKS

(000's Omitted)

	1982	1983	Percent Increase (Decrease)
SOURCES AND DISPOSITION OF INCOME			
OPERATING INCOME:			
Interest and fees on loans	$1,726,874	$1,664,960	(3.6%)
Interest on balances with depository institutions	492,615	451,116	(8.4)
Income on Federal funds sold and securities purchased under agreements to resell	127,548	94,269	(26.1)
Interest on U.S. Treasury securities and on obligations of other U.S. Government agencies and corporations	364,688	410,219	12.5
Interest on obligations of States and political subdivisions in the U.S	166,327	155,337	(6.6)
Income from all other securities	23,529	39,104	66.2
Income from lease financing	5,987	3,244	(45.8)
Income from fiduciary activities	43,429	49,734	14.5
Service charges on deposit accounts	69,376	80,199	15.6
Other service charges, commissions, and fees	48,091	55,704	15.8
Other operating income	26,047	33,228	27.6
Total operating income	$3,094,511	$3,037,114	(1.9)
OPERATING EXPENSES:			
Salaries and employee benefits	$ 404,970	$ 433,687	7.1%
Interest on time certificates of deposit of $100,000 or more	386,457	258,259	(33.2)
Interest on other deposits	1,496,894	1,462,591	(2.3)
Expense of Federal funds purchased and securities sold under agreements to repurchase	125,937	98,985	(21.4)
Interest on demand notes (note balances) issued to the U.S. Treasury and on other borrowed money	31,618	24,293	(23.2)
Interest on subordinated notes and debentures	7,599	7,330	(3.5)
Occupancy expense of bank premises, net, and furniture and equipment expense	126,397	134,102	6.1
Provision for possible loan losses	75,261	70,256	(6.7)
Other operating expenses	257,364	282,457	9.8
Total operating expenses	$2,912,432	$2,771,960	(4.8)
INCOME BEFORE INCOME TAXES AND SECURITIES GAINS OR LOSSES	$ 182,079	$ 265,154	45.6
APPLICABLE INCOME TAXES	11,308	45,124	299.0
INCOME BEFORE SECURITIES GAINS OR LOSSES	$ 170,771	$ 220,030	28.8
SECURITIES GAINS (LOSSES), NET	(5,627)	(4,647)	(17.4)
INCOME BEFORE EXTRAORDINARY ITEMS	$ 165,144	$ 215,383	30.4
EXTRAORDINARY ITEMS, NET OF TAX EFFECT	586	3,616	517.1
NET INCOME	$ 165,730	$ 218,999	32.1
CHANGES IN EQUITY CAPITAL			
Balance end of previous year	$1,724,394	$1,805,328	
Adjustments	(106)	(744)	
Adjusted balance end of previous year	$1,724,288	$1,804,584	
Net income (loss)	165,730	218,999	
Sale, conversion, acquisition, or retirement of capital, net	5,970	11,939	
Changes incident to mergers and absorptions, net	1,311	5,828	
LESS: Cash dividends declared on common stock	(101,744)	(117,363)	
LESS: Cash dividends declared on preferred stock	(92)	(108)	
Other increases (decreases)	2,494	35,487	
Balance end of period	$1,797,957	$1,959,366	

CONSOLIDATED TRUST DEPARTMENT BALANCE SHEET OF STATE BANKS

MARKET VALUE

(000's Omitted)

	66* Trust Depts. December 31, 1982	65* Trust Depts. December 31, 1983
TRUST ASSETS		
Non-Interest Bearing Deposits-Own Bank	$ 45,634	$ 50,073
Non-Interest Bearing Deposits-Other	-0-	187
Interest Bearing Deposits-Own Bank	107,591	138,713
Interest Bearing Deposits-Other	121,613	80,933
U.S. Government and Agency Obligations	1,740,513	1,836,895
State, County and Municipal Obligations	485,042	477,259
Other Short-Term Obligations	1,121,004	1,047,197
Other Notes and Bonds	701,103	1,191,451
Preferred Stocks	37,335	91,095
Common Stocks	3,079,779	3,560,493
Real Estate Mortgages	129,883	114,567
Real Estate	160,480	149,997
Miscellaneous	257,997	266,652
TOTAL ASSETS	$7,987,994	$9,005,512
TRUST LIABILITIES		
TRUST AND ESTATES:		
Employee Benefit	$2,192,518	$2,365,289
Personal Trusts	3,541,838	4,066,337
Estates	288,228	320,605
AGENCIES:		
Employee Benefit	859,242	872,697
All Others	1,106,168	1,380,584
TOTAL LIABILITIES	$7,987,994	$9,005,512
Total Number of Accounts	29,013	30,017

*Includes 9 trust departments with full or limited trust powers granted, but not exercised.

CONSOLIDATED BALANCE SHEET OF NATIONAL BANKS

(000's Omitted)

ASSETS	125 Banks December 31, 1982	124 Banks December 31, 1983	Percent Increase (Decrease)
Cash and due from depository institutions	$ 6,041,581	$ 5,914,597	(2.1%)
U. S. Treasury securities	1,655,834	3,470,319	109.6
Obligations of other U. S. Government agencies and corporations	1,196,717	1,230,534	2.8
Obligations of States and political subdivisions in the United States	2,456,275	2,672,437	8.8
All other securities	256,193	343,802	34.2
Federal funds sold and securities purchased under agreements to resell	1,303,660	1,131,363	(13.2)
Loans, Total (excluding unearned income)	16,929,505	17,563,544	3.7
Less: Allowance for possible loan losses	182,351	211,985	16.3
Loans, Net	16,747,154	17,351,559	3.6
Lease financing receivables	244,217	263,730	8.0
Bank premises, furniture and fixtures, and other assets representing bank premises	462,336	462,509	---
Real estate owned other than bank premises	84,159	108,306	28.7
All other assets	1,033,308	1,092,750	5.8
TOTAL ASSETS	$31,481,414	$34,041,906	8.1
LIABILITIES			
Demand deposits of individuals, partnerships, and corporations	$ 4,177,423	$ 5,012,245	20.0%
Time and savings deposits of individuals, partnerships and corporations	16,973,845	18,271,691	7.6
Deposits of United States Government	37,325	46,882	25.6
Deposits of States and political subdivisions in the United States	1,796,847	1,753,869	(2.4)
All other deposits	1,308,774	1,315,935	0.5
Certified and officers' checks	211,151	222,016	5.1
TOTAL DEPOSITS	$24,505,365	$26,622,638	8.6
Federal funds purchased and securities sold under agreements to repurchase	3,292,166	3,988,046	21.1
Interest-bearing demand notes (note balances) issued to U.S. Treasury and other liabilities for borrowed money	663,236	358,286	(46.0)
Mortgage indebtedness and liability for capitalized leases	42,781	45,084	5.4
All other liabilities	994,310	966,642	(2.8)
TOTAL LIABILITIES	$29,497,858	$31,980,696	8.4
Subordinated notes and debentures	$ 69,159	$ 72,684	5.1
EQUITY CAPITAL			
Preferred stock	$ 720	$ 720	---
Common stock	358,943	358,192	(0.2%)
Surplus	603,213	624,931	3.6
Undivided profits and reserve for contingencies and other capital reserves	951,521	1,004,683	5.6
TOTAL EQUITY CAPITAL	$ 1,914,397	$ 1,988,526	3.9
TOTAL LIABILITIES AND EQUITY CAPITAL	$31,481,414	$34,041,906	8.1

SELECTED FINANCIAL RATIOS - 1983

No.	Category	Return On Average Assets	Total Loans/ Total Assets	Consumer Loans/ Total Loans	Commercial Loans/ Total Loans	Mortgage Loans/ Total Loans	Savings, NOW and Super NOW Accounts/ Total Deposits	IRA and Keogh Accounts/ Total Deposits
248	State Banks	.79%	48.83%	22.20%	27.44%	43.28%	42.77%	2.80%
124	National Banks	.61	51.59	16.48	37.77	31.33	36.06	2.52
157	Independent Banks	.73	50.93	21.86	21.48	50.35	46.30	2.28
215	Holding Co. Banks	.67	50.19	18.57	35.17	34.31	38.00	2.73
372	Michigan Banks	.68	50.30	19.08	33.08	36.76	39.36	2.66

STATE BANKS

	1979	1980	1981	1982	1983
Number of State Banks - January 1	240	249	250	250	251
Plus: Charters granted	6	2	2	2	1
Conversions - National to State	4	2	2	2	1
Less: Mergers/Consolidations	1	1	2	2	5
Receiverships/Liquidations	0	0	0	1	0
Conversions - State to National	0	2	2	0	0
Number of State Banks - December 31	249	250	250	251	248
Number of State Bank Branches	1,028	1,095	1,138	1,158	1,140

NATIONAL BANKS AND BRANCHES

	1979	1980	1981	1982	1983
National Banks	123	126	126	125	124
Branches of National Banks	907	971	997	1,009	981

NUMBER OF BANKS CHARTERED PER YEAR

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
State Banks Affiliated with Bank Holding Companies	5	4	5	1	0	6	2	1	1	1
National Banks Affiliated with Bank Holding Companies	2	2	3	1	4	1	3	1	1	0
State Banks Not Affiliated with Bank Holding Companies	3	0	0	0	1	2	1	1	1	0
National Banks Not Affiliated with Bank Holding Companies	1	4	0	1	0	1	1	1	1	1

NOTE: All national bank data obtained from Office of the Comptroller of the Currency.

CONVERSIONS

	1979	1980	1981	1982	1983
State to National	0	2	2	0	0
National to State	4	2	2	2	1

NEW BANK

Date Effective	Name of Bank	Location	Initial Capital Stock
Nov. 18, 83	*United Metro Bank	Grand Rapids	Commenced business with common capital stock of $100,000 divided into 5,000 shares with a par value of $20.00 each.

*Bank was established for the purpose of consolidating with United Community Bank, Wayland. See "Consolidations."

NEW SAFE AND COLLATERAL DEPOSIT COMPANY

Date Effective	Name of Company	Location	Initial Capital Stock
Jan. 27, 83	The Depository, Inc.	Birmingham	Commenced business with common capital stock of $100,000 divided into 1,000 shares with a par value of $100.00 each.

CONVERSION FROM NATIONAL BANKING ASSOCIATION TO STATE-CHARTERED BANK

Date Effective	Name of Bank	City
Mar. 31, 83	The First National Bank of Monroe . . . . . Converted to Security Bank of Monroe with $2,550,000 of common capital stock divided into 255,000 shares with a par value of $10.00 each	Monroe

CONSOLIDATIONS

Date Effective	Name of Bank	City
Dec. 31, 83	Bank of the Commonwealth . . . . . Consolidated with and into Commonwealth State Bank, Detroit, Michigan, which consolidated with and into Comerica Bank - Detroit, Detroit, Michigan, under the charter and name of Comerica Bank - Detroit.	Detroit
June 1, 83	Security Bank Oakland County . . . . . Consolidated with and into Security Bank of Novi, Novi, Michigan, under the charter of Security Bank of Novi and under the name of Security Bank Oakland County.	Lake Orion (Orion Twp.)
Oct. 1, 83	Security Bank - Monroe County . . . . . Consolidated with and into Security Bank of Monroe, Monroe, Michigan, under the charter and name of Security Bank of Monroe.	Newport
Dec. 31, 83	The Citizens Bank of Saline . . . . . Consolidated with and into Ann Arbor Trust Company, Ann Arbor, Michigan under the charter of Ann Arbor Trust Company and under the name of Citizens Trust.	Saline
Nov. 18, 83	United Community Bank . . . . . Consolidated with and into United Metro Bank, Grand Rapids, Michigan, under the charter of United Metro Bank and under the name of United Community Bank.	Wayland

RELOCATIONS OF MAIN OFFICE

Date Effective	Name and Location of Bank	From	To
June 13, 83	Merchants Bank of Detroit Detroit	15534 West Nicholas Road * City of Detroit Wayne County, MI	13811 Gratiot Avenue City of Detroit Wayne County, MI
May 6, 83	The Commercial Bank of Menominee Menominee	949 First Street City of Menominee Menominee County, MI	3805 Tenth Street City of Menominee Menominee County, MI
Aug. 15, 83	Wayne Bank Wayne	35215 Park Street City of Wayne Wayne County, MI	35215 Michigan Avenue, West City of Wayne Wayne County, MI

CHANGES IN CORPORATE NAME

Date Effective	City	From	To
June 6, 83	Ann Arbor	Ann Arbor Bank and Trust Company	First of America Bank - Ann Arbor
Dec. 31, 83	Ann Arbor	Ann Arbor Trust Company	*Citizens Trust
Oct. 1, 83	Alpena	Peoples Bank and Trust of Alpena	FBD Alpena Bank
Sept. 1, 83	Cadillac	The Cadillac State Bank	FBD Cadillac Bank
June 6, 83	Calumet	The Merchants & Miners Bank	First of America Bank - Copper Country
Jan. 11, 83	Coss City	The Pinney State Bank	Commercial Bank Coss City
June 6, 83	Charlotte	American Bank of Charlotte	First of America Bank - Charlotte
June 6, 83	Cheboygan	Cheboygan Bank	First of America Bank - Straits Area
June 6, 83	Deerfield	The Deerfield State Bank	First of America Bank - Deerfield
June 6, 83	Gladwin	Mid Michigan Bank	First of America Bank - Mid Michigan
June 6, 83	Grand Ledge	American Bank of Grand Ledge	First of America Bank - Grand Ledge
June 6, 83	Harbor Beach	Huron County Bank	First of America Bank - Huron
June 6, 83	Hartford	Van Buren State Bank	First of America Bank - Van Buren
June 6, 83	Lansing	American Bank and Trust Company	First of America Bank - Central
June 6, 83	Menominee	The Commercial Bank of Menominee	First of America Bank - Menominee
June 6, 83	Muskegon	The Muskegon Bank & Trust Company	First of America Bank - Muskegon
June 1, 83	Novi	Security Bank of Novi	*Security Bank Oakland County
Sept. 1, 83	Roscommon	The Roscommon State Bank	FBD Roscommon Bank
June 6, 83	Royal Oak	The Wayne Oakland Bank	First of America Bank - Wayne Oakland
Sept. 1, 83	Sandusky	Wolverine State Bank	FBD Sandusky Bank
June 6, 83	Sebewaing	Farmers and Merchants State Bank of Sebewaing	First of America Bank - Bay Area
June 6, 83	Stambaugh	The Commercial Bank of Stambaugh	First of America Bank - Iron County
June 6, 83	Troy	First Citizens Bank	First of America Bank - Troy

*Change in corporate name resulted from consolidation

EXTENSION OFFICES ESTABLISHED

Date Effective	Name of Bank	City-Main Office	Location of Extension Office
Jan. 21, 83	Chemical Bank Cass City	Cass City	4460 Seeger Street Village of Cass City, Tuscola County, MI (Extension of main office located at 6522 Main Street, Village of Cass City, Tuscola County, MI)
Aug. 1, 83	Peoples Bank of Port Huron	Port Huron	2727 Pine Grove Avenue City of Port Huron, St. Clair County, MI (Extension of branch office located at 1657 Garfield, City of Port Huron, St. Clair County, MI)
Jan. 27, 83	The Peoples State Bank of St. Joseph	St. Joseph	509 Ship Street Whitcomb Towers, City of St. Joseph Berrien County, MI (Extension of main office located at Ship & State Streets, City of St. Joseph, Berrien County, MI)

BRANCH APPLICATIONS

	1979	1980	1981	1982	1983
Applications Received					
State Banks	55	44	30	14	10
National Banks	77	42	21	11	7
Branches Approved					
State Banks	88	52	31	15	11
National Banks	95	45	30	17	5
Branches Denied					
State Banks	4	2	0	1	0
National Banks	0	0	0	0	0
Branches Established					
State Banks	99*	86*	60*	35*	59*
National Banks	92	64	26	23	9

*Totals include branch openings through conversions, consolidations and purchase and assumptions. National bank data was obtained from the Office of the Comptroller of the Currency.

BRANCH OFFICES ESTABLISHED

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
Dec. 19, 83	The Algonac Savings Bank	Algonac	6770 South River Road Cottrellville Township, St. Clair County, MI
Dec. 31, 83	Citizens Trust	Ann Arbor	[1]100 West Michigan Avenue City of Saline, Washtenaw County, MI
			[2]4997 Saline - Ann Arbor Road Lodi Township, Washtenaw County, MI
			[2]5300 East Willis Road Augusta Township, Washtenaw County, MI
June 1, 83	First State Bank of Charlevoix	Charlevoix	[3]225 Main Street (St. James) St. James Township, Charlevoix County, MI
Dec. 27, 83	Comerica Bank - Detroit	Detroit	587 North Squirrel Road Pontiac Township, Oakland County, MI
Dec. 31, 83	Comerica Bank - Detroit	Detroit	[4]719 Griswold Street City of Detroit, Wayne County, MI

1 Former main office of The Citizens Bank of Saline, Saline
2 Former branch office of The Citizens Bank of Saline, Saline
3 Converted from a branch bank facility to a full service branch
4 Former main office of Bank of the Commonwealth, Detroit

BRANCH OFFICES ESTABLISHED - Cont.

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
Dec. 31, 83	Comerica Bank - Detroit	Detroit	[5] 5900 Chene Street City of Detroit, Wayne County, MI
			[5] 14301 East Jefferson Avenue City of Detroit, Wayne County, MI
			[5] 7720-24 Michigan Avenue City of Detroit, Wayne County, MI
			[5] 6101 West Fort Street City of Detroit, Wayne County, MI
			[5] 2740 West Grand Boulevard City of Detroit, Wayne County, MI
			[5] 12048 Grand River Avenue City of Detroit, Wayne County, MI
			[5] 7400 West Warren Avenue City of Detroit, Wayne County, MI
			[5] 16850 Harper Avenue City of Detroit, Wayne County, MI
			[5] 15261 Gratiot Avenue City of Detroit, Wayne County, MI
			[5] 2580 Woodward Avenue Bloomfield Township, Oakland County, MI
			[5] 2518 Market Street City of Detroit, Wayne County, MI
			[5] 19401 Grand River Avenue City of Detroit, Wayne County, MI
			[5] 25840 Plymouth Road Redford Township, Wayne County, MI
			[5] 19810 West Warren Avenue City of Detroit, Wayne County, MI
			[5] 11531 Belleville Road Van Buren Township, Wayne County, MI
			[5] 50955 Mound Road Shelby Township, Macomb County, MI
			[5] 15590 Thirteen Mile Road City of Beverly Hills, Oakland County, MI
			[5] 19333 West Eight Mile Road City of Detroit, Wayne County, MI
			[5] 25875 West Outer Drive City of Detroit, Wayne County, MI
			[5] 8145 East Jefferson Avenue City of Detroit, Wayne County, MI
			[5] 2200 Michigan Avenue City of Detroit, Wayne County, MI
			[5] 20801 Moross Road City of Detroit, Wayne County, MI
			[5] 31255 Southfield Road City of Beverly Hills, Oakland County, MI
			[5] 19222 Van Dyke Road City of Detroit, Wayne County, MI
Nov. 18, 83	United Community Bank	Grand Rapids	[6] 103 South Main Street City of Wayland, Allegan County, MI
			[7] 1131 West Superior Street City of Wayland, Allegan County, MI
			[7] 132 South Main Street Village of Clarksville, Ionia County, MI
			[7] 6080 Linfield Street Village of Alto, Kent County, MI

5 Former branch office of Bank of the Commonwealth, Detroit
6 Former main office of United Community Bank, Wayland
7 Former branch office of United Community Bank, Wayland

BRANCH OFFICES ESTABLISHED - Cont.

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
Nov. 18, 83	United Community Bank	Grand Rapids	[7]1798 - 142nd Avenue Unincorporated Village of Dorr Allegan County, MI
			[7]165 Division Street Village of Freeport, Barry County, MI
			[7]2404 Patterson Road Wayland Township, Allegan County, MI
			[7]102 West Main Street Village of Hopkins, Allegan County, MI
Aug. 23, 83	The Honor State Bank	Honor	1720 Benzie Highway Benzonia Township, Benzie County, MI
Feb. 1, 83	Bank of Lakeview	Lakeview	20020 Howard City - Edmore Road, (M-82) Reynolds Township, Montcalm County, MI
Mar. 31, 83	Security Bank of Monroe	Monroe	[8]9040 Raisin Street City of Maybee, Monroe County, MI
			[8]6000 North Monroe Street City of Monroe, Monroe County, MI
			[8]202 North Monroe Street City of Monroe, Monroe County, MI
			[8]15407 South Dixie Highway Monroe Township, Monroe County, MI
			[8]465 North Telegraph Road Monroe Township, Monroe County, MI
Oct. 1, 83	Security Bank of Monroe	Monroe	[9]8733 Swan Creek Road Unincorporated Village of Newport Monroe County, MI
			[10]7548 Lewis Avenue Bedford Township, Monroe County, MI
			[10]2770 North Dixie Highway Frenchtown Township, Monroe County, MI
			[10]2100 South Custer Road Monroe Township, Monroe County, MI
May 4, 83	Isabella Bank and Trust	Mount Pleasant	[11]1416-1418 East Pickard Street City of Mount Pleasant, Isabella County, MI
Nov. 7, 83	First of America Bank - Muskegon	Muskegon	[12]1465 East Apple Avenue Muskegon Township, Muskegon County, MI
June 1, 83	Security Bank Oakland County	Novi	[13]3111 Baldwin Road Orion Township, Oakland County, MI
April 14, 83	Michigan Bank - Port Huron	Port Huron	6690 South River Road City of Marine City, St. Clair County, MI
May 2, 83	Michigan Bank - Port Huron	Port Huron	2314 Pine Grove City of Port Huron, St. Clair County, MI
Dec. 19, 83	First of America Bank - Wayne Oakland	Royal Oak	1054 North Woodward Avenue Bloomfield Township, Oakland County, MI
Feb. 15, 83	South Range State Bank	South Range	106 Royce Road Franklin Township, Houghton County, MI
June 15, 83	Warren Bank	Warren	23130 Dequindre Road City of Warren, Macomb County, MI
May 2, 83	Wyandotte Savings Bank	Wyandotte	2333 Biddle Avenue City of Wyandotte, Wayne County, MI

7 Former branch office of United Community Bank, Wayland
8 Branch office established through conversion of First National Bank of Monroe to state-chartered bank
9 Former main office of Security Bank - Monroe County, Newport
10 Former branch office of Security Bank - Monroe County, Newport
11 Converted from an ESP branch to a full service branch
12 Former branch office of Manufacturers Bank of Coopersville, Coopersville
13 Former main office of Security Bank Oakland County, Lake Orion (Orion Township)

BRANCH OFFICES CLOSED

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
June 30, 83	Comerica Bank – Battle Creek	Battle Creek	120 West Main Street Unincorporated Village of Leonidas St. Joseph County, MI
July 29, 83	Manufacturers Bank of Bay City	Bay City	[1] 666 South Unionville Road Sebewaing Township, Huron County, MI
Dec. 31, 83	Manufacturers Bank of Coopersville	Coopersville	[2] 1465 East Apple Avenue Muskegon Township, Muskegon County MI
Dec. 7, 83	Bank of the Commonwealth	Detroit	16404 West Seven Mile Road City of Detroit, Wayne County, MI
			5301 McDougall City of Detroit, Wayne County, MI
			1415 Farmer Street City of Detroit, Wayne County, MI
Dec. 31, 83	Bank of the Commonwealth	Detroit	2601 Gratiot Avenue City of Detroit, Wayne County, MI
			13253 Woodward Avenue City of Highland Park, Wayne County, MI
			8643 Van Dyke Avenue City of Detroit, Wayne County, MI[3]
			4839 Woodward Avenue City of Detroit, Wayne County, MI
			17301 Livernois Avenue City of Detroit, Wayne County, MI
			1200 Sixth Avenue City of Detroit, Wayne County, MI
			33500 Van Dyke Road City of Sterling Heights, Macomb County, MI
			13500 19 Mile Road City of Sterling Heights, Macomb County, MI
			39100 Deequindre City of Sterling Heights, Macomb County, MI
			37250 Ford Road City of Westland, Wayne County, MI
			6771 Dix Street City of Detroit, Wayne County, MI
			32929 Cherry Hill Road City of Westland, Wayne County, MI
			29450 West Warren Avenue City of Westland, Wayne County, MI
			29657 Orchard Lake Road City of Farmington Hills, Oakland County, MI
			40840 Ann Arbor Road Plymouth Township, Wayne County, MI
			24280 Middlebelt Road City of Farmington Hills, Oakland County, MI
			27280 Joy Road Redford Township, Wayne County, MI
			24530 Grand River Avenue City of Detroit, Wayne County, MI
			44300 West Warren Avenue Canton Township, Wayne County, MI
			[3] 5900 Chene Street City of Detroit, Wayne County, MI
			[3] 14301 East Jefferson Avenue City of Detroit, Wayne County, MI

1 Purchased by First National Bank of Bad Axe, Bad Axe
2 Purchased by First of America Bank - Muskegon, Muskegon
3 Re-established as branch of Comerica Bank - Detroit, Detroit

BRANCH OFFICES CLOSED - Cont.

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
Dec. 31, 83	Bank of the Commonwealth	Detroit	[3] 7720-24 Michigan Avenue City of Detroit, Wayne County, MI
			[3] 6101 West Fort Street City of Detroit, Wayne County, MI
			[3] 2740 West Grand Boulevard City of Detroit, Wayne County, MI
			[3] 12048 Grand River Avenue City of Detroit, Wayne County, MI
			[3] 7400 West Warren Avenue City of Detroit, Wayne County, MI
			[3] 16850 Harper Avenue City of Detroit, Wayne County, MI
			[3] 15261 Gratiot Avenue City of Detroit, Wayne County, MI
			[3] 2580 Woodward Avenue Bloomfield Township, Oakland County, MI
			[3] 2518 Market Street City of Detroit, Wayne County, MI
			[3] 19401 Grand River Avenue City of Detroit, Wayne County, MI
			[3] 25840 Plymouth Road Redford Township, Wayne County, MI
			[3] 19810 West Warren Avenue City of Detroit, Wayne County, MI
			[3] 11531 Belleville Road Van Buren Township, Wayne County, MI
			[3] 50955 Mound Road Shelby Township, Macomb County, MI
			[3] 15590 Thirteen Mile Road City of Beverly Hills, Oakland County, MI
			[3] 19333 West Eight Mile Road City of Detroit, Wayne County, MI
			[3] 25875 West Outer Drive City of Detroit, Wayne County, MI
			[3] 8145 East Jefferson Avenue City of Detroit, Wayne County, MI
			[3] 2200 Michigan Avenue City of Detroit, Wayne County, MI
			[3] 20801 Maross Road City of Detroit, Wayne County, MI
			[3] 31255 Southfield Road City of Beverly Hills, Oakland County, MI
			[3] 19222 Van Dyke Road City of Detroit, Wayne County, MI
Mar. 11, 83	Comerica Bank - Detroit	Detroit	12851 Gratiot Avenue City of Detroit, Wayne County, MI
Mar. 25, 83	Comerica Bank - Detroit	Detroit	3530 Grand River Avenue City of Detroit, Wayne County, MI
May 20, 83	Comerica Bank - Detroit	Detroit	11601 East Jefferson Avenue City of Detroit, Wayne County, MI
			14350 Mack Avenue City of Detroit, Wayne County, MI
			141 West Nine Mile Road City of Ferndale, Oakland County, MI
Dec. 30, 83	Comerica Bank - Detroit	Detroit	5750 West Fort Street City of Detroit, Wayne County, MI

3 Re-established as branch of Comerica Bank - Detroit, Detroit

BRANCH OFFICES CLOSED - Cont.

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
June 13, 83	Merchants Bank of Detroit	Detroit	[4] 14811 Gratiot Avenue City of Detroit, Wayne County, MI
July 2, 83	Peoples Bank of Holland	Holland	430 East 8th Street Holland Township, Ottawa County, MI
Feb. 28, 83	Security Bank Oakland County	Lake Orion (Orion Twp.)	[5] 2489 South Lapeer Road Pontiac Township, Oakland County, MI
Feb. 11, 83	Manufacturers Bank of Livonia	Livonia	18768 Middlebelt Road City of Livonia, Wayne County, MI
May 6, 83	The Commercial Bank of Menominee	Menominee	[4] 3805 Tenth Street City of Menominee, Menominee County, MI
Oct. 1, 83	Security Bank - Monroe County	Newport	[6] 7548 Lewis Avenue Bedford Township, Monroe County, MI
			[6] 2770 North Dixie Highway Frenchtown Township, Monroe County, MI
			[6] 2100 South Custer Road Monroe Township, Monroe County, MI
Mar. 4, 83	Key State Bank	Owosso	G-4333 West Pierson Road Mount Morris Township, Genesee County, MI
Dec. 31, 83	The Citizens Bank of Saline	Saline	[7] 4997 Saline - Ann Arbor Road Lodi Township, Washtenaw County, MI
			[7] 5300 East Willis Road Augusta Township, Washtenaw County, MI
Aug. 4, 83	Peoples Bank and Trust Company	Trenton	124 Elm Street City of Trenton, Wayne County, MI
Nov. 18, 83	United Community Bank	Wayland	[8] 1131 West Superior Street City of Wayland, Allegan County, MI
			[8] 132 South Main Street Village of Clarksville, Ionia County, MI
			[8] 6080 Linfield Street Village of Alto, Kent County, MI
			[8] 1798 - 142nd Avenue Unincorporated Village of Dorr Allegan County, MI
			[8] 165 Division Street Village of Freeport, Barry County, MI
			[8] 2604 Patterson Road Wayland Township, Allegan County, MI
			[8] 102 West Main Street Village of Hopkins, Allegan County, MI
Mar. 25, 83	Wyandotte Savings Bank	Wyandotte	211 Eureka Avenue City of Wyandotte, Wayne County, MI

4 Established as bank's main office
5 Re-established as branch of Security Bank Oakland County, Lake Orion
6 Re-established as branch of Security Bank of Monroe, Monroe
7 Re-established as branch of Citizens Trust, Ann Arbor
8 Re-established as branch of United Community Bank, Grand Rapids

DESIGNATION OF RESERVE CITIES FOR THE YEAR 1983 FOR BANKS WHICH ARE NOT MEMBER BANKS UNDER THE FEDERAL RESERVE ACT

Pursuant to the provisions of Section 205 of the Michigan banking code of 1969, the following cities were designated as reserve cities for the year 1983 for banks which are not member banks under the Federal Reserve Act.

Cities In Michigan

Alpena	Birmingham	Escanaba	Jackson	Manistique	Pontiac	Sault Ste. Marie
Ann Arbor	Brighton	Flint	Kalamazoo	Marquette	Port Huron	South Haven
Battle Creek	Calumet	Grand Rapids	Lansing	Midland	Saginaw	Traverse City
Bay City	Detroit	Hancock	Lincoln Park	Muskegon	St. Joseph	Walker
Benton Harbor	East Detroit	Houghton	Manistee	Petoskey		

Cities Outside Michigan

Atlanta, GA	Chicago, IL	Dallas, TX	Green Bay, WI	Milwaukee, WI	Pittsburgh, PA	San Francisco, CA
Baltimore, MD	Cincinnati, OH	Denver, CO	Houston, TX	Minneapolis, MN	Richmond, VA	South Bend, IN
Boston, MA	Cleveland, OH	Duluth, MN	Kansas City, MO	New York, NY	St. Louis, MO	Toledo, OH
Buffalo, NY	Columbus, OH	Elkhart, IN	Los Angeles, CA	Philadelphia, PA	St. Paul, MN	

Any incorporated bank, state or national, in such cities shall be a legal depositary for reserve funds referred to in Section 205 of the Michigan banking code of 1969 if it shall have the required capital and surplus and conforms to other provisions prescribed by said section.

NEW EQUITY CAPITAL

Name of Bank	City	Sale of New Stock	Subordinated Capital Notes
Michigan Bank - Livingston	Brighton	$ 300,000**	$ 600,000
Bank of the Commonwealth	Detroit		27,000,000*
Michigan Bank - Huron	East Tawas		250,000
Michigan Bank - Midwest	Jackson	500,000**	1,000,000
Michigan Bank - Mid South	Litchfield	150,000**	300,000
Manufacturers Bank of Livonia	Livonia	500,000	
Manufacturers Bank of The Shores	St. Clair Shores	250,000	
The Bank of Three Oaks	Three Oaks	250,000***	500,000

*Restructured capital note
**Reserved for the conversion of convertible subordinated capital note
***Preferred stock

TRUST SERVICES
AS OF DECEMBER 31, 1983

State banks which have contracted with another bank (state-chartered or national association) to either provide trust services in its name and for its account at one or more of the banking offices of the other bank or to permit a state or national bank having its principal office in this state and exercising full trust powers to carry on trust services at one or more of its banking offices pursuant to Section 18(j) of the Michigan banking code of 1969.

Name and Location of Host Bank		Name and Location of Provider Bank
Bank of Lenawee County	Adrian	Comerica Bank - Detroit, Detroit
Commercial Savings Bank	Adrian	Citizens Trust, Ann Arbor
Chemical Bank Albion	Albion	Chemical Bank and Trust Company, Midland
The Algonac Savings Bank	Algonac	The Commercial and Savings Bank of St. Clair County, St. Clair
Alpena Savings Bank	Alpena	Comerica Bank - Detroit, Detroit
*NBD Alpena Bank	Alpena	National Bank of Detroit, Detroit
Comerica Bank - Ann Arbor, F.S.A.	Ann Arbor	Comerica Bank - Detroit, Detroit
Chemical Bank Au Gres	Au Gres	Chemical Bank and Trust Company, Midland
Manufacturers Bank of Bay City	Bay City	Manufacturers National Bank of Detroit, Detroit
Chemical Bank Gladwin County	Beaverton	Chemical Bank and Trust Company, Midland
Bellaire State Bank	Bellaire	National Bank of Detroit, Detroit
Central Michigan Bank and Trust	Big Rapids	Old Kent Bank and Trust Company, Grand Rapids
Fidelity Bank of Michigan	Birmingham	National Bank of Detroit, Detroit
*The Blissfield State Bank	Blissfield	National Bank of Detroit, Detroit
*The Brighton State Bank	Brighton	Old Kent Bank and Trust Company, Grand Rapids
Brown City Savings Bank	Brown City	National Bank of Detroit, Detroit
First Bank of Cadillac	Cadillac	Old Kent Bank and Trust Company, Grand Rapids
*NBD Cadillac Bank	Cadillac	National Bank of Detroit, Detroit
First of America Bank - Copper Country	Calumet	First of America Bank - Marquette, F.S.A., Marquette
The Peoples State Bank of Caro, Michigan	Caro	Genesee Merchants Bank & Trust Co., Flint
State Savings Bank of Caro	Caro	National Bank of Detroit, Detroit
The Cass City State Bank	Cass City	National Bank of Detroit, Detroit
Chemical Bank Cass City	Cass City	Chemical Bank and Trust Company, Midland
Charlevoix County State Bank	Charlevoix	National Bank of Detroit, Detroit
First State Bank of Charlevoix	Charlevoix	Manufacturers National Bank of Detroit, Detroit
First of America Bank - Charlotte	Charlotte	First of America Bank - Central, Lansing
Citizens National Bank of Cheboygan	Cheboygan	Comerica Bank - Detroit, Detroit
First of America Bank - Straits Area	Cheboygan	First of America Bank - Marquette, F.S.A., Marquette
Chelsea State Bank	Chelsea	National Bank and Trust Company of Ann Arbor, Ann Arbor
Chemical Bank Clare	Clare	Chemical Bank and Trust Company, Midland
Manufacturers Bank of Coopersville	Coopersville	Manufacturers National Bank of Detroit, Detroit
State Bank of Croswell	Croswell	National Bank of Detroit, Detroit
Sanilac County Bank	Deckerville	National Bank of Detroit, Detroit
First of America Bank - Deerfield	Deerfield	First of America Bank - Ann Arbor, Ann Arbor
FMB - Community Bank	Dowagiac	FMB - First Michigan Bank, Zeeland
Monroe County Bank	Dundee	National Bank and Trust Company of Ann Arbor, Ann Arbor
Northwestern State Bank	East Jordan	Manufacturers National Bank of Detroit, Detroit
Michigan Bank - Huron	East Tawas	Michigan National Bank, Lansing
Northern Michigan Bank	Escanaba	National Bank of Detroit, Detroit
State Bank of Escanaba	Escanaba	First of America Bank - Michigan, F.S.A., Kalamazoo
The Farwell State Savings Bank	Farwell	National Bank of Detroit, Detroit

*Entered into trust services agreement during 1983

TRUST SERVICES - Cont.

Name and Location of Host Bank		Name and Location of Provider Bank
State Savings Bank of Fenton	Fenton	Comerica Bank - Detroit, Detroit
Community State Bank of Fowlerville	Fowlerville	Genesee Merchants Bank & Trust Co., Flint
Fremont Bank and Trust Company	Fremont	Old Kent Bank and Trust Company, Grand Rapids
First National Bank of Gaylord	Gaylord	Comerica Bank - Detroit, Detroit
Gaylord State Bank	Gaylord	Old Kent Bank and Trust Company, Grand Rapids
Gladstone State Bank	Gladstone	National Bank of Detroit, Detroit
First of America Bank - Mid Michigan	Gladwin	First of America Bank - Central, Lansing
*Pacesetter Bank - Southeast	Grand Blanc	Old Kent Bank and Trust Company, Grand Rapids
First of America Bank - Grand Ledge	Grand Ledge	First of America Bank - Central, Lansing
United Community Bank	Grand Rapids	Manufacturers National Bank of Detroit, Detroit
Old Kent Bank of Grandville	Grandville	Old Kent Bank and Trust Company, Grand Rapids
Grayling State Bank	Grayling	Manufacturers National Bank of Detroit, Detroit
Commercial State Savings Bank	Greenville	Manufacturers National Bank of Detroit, Detroit
Comerica Bank - Grosse Pointe, N.A.	Grosse Pointe	Comerica Bank - Detroit, Detroit
Farmers and Merchants State Bank of Hale	Hale	National Bank of Detroit, Detroit
First of America Bank - Huron	Harbor Beach	First of America Bank - Central, Lansing
Harbor Springs State Bank	Harbor Springs	Manufacturers National Bank of Detroit, Detroit
*Hillsdale State Savings Bank	Hillsdale	Old Kent Bank and Trust Company, Grand Rapids
Peoples Bank of Holland	Holland	Old Kent Bank and Trust Company, Grand Rapids
First National Bank in Howell	Howell	First of America Bank - Central, Lansing
*McPherson State Bank	Howell	Frankenmuth Bank & Trust, Frankenmuth
*Bank of Hudsonville	Hudsonville	Union Bank and Trust Company, N.A., Grand Rapids
Michigan Bank - Midwest	Jackson	Michigan National Bank, Lansing
Old Kent Bank of Kalamazoo	Kalamazoo	Old Kent Bank and Trust Company, Grand Rapids
NBD Northwest Bank	Kalkaska	National Bank of Detroit, Detroit
Old Kent Bank of Kentwood	Kentwood	Old Kent Bank and Trust Company, Grand Rapids
Northern Michigan Bank of Kingsford	Kingsford	National Bank of Detroit, Detroit
Chemical Bank Lake City	Lake City	Chemical Bank and Trust Company, Midland
Union Bank	Lake Odessa	National Bank of Detroit, Detroit
NBD Commerce Bank	Lansing	National Bank of Detroit, Detroit
Lewiston State Bank	Lewiston	National Bank of Detroit, Detroit
Comerica Bank - Livonia	Livonia	Comerica Bank - Detroit, Detroit
Manufacturers Bank of Livonia	Livonia	Manufacturers National Bank of Detroit, Detroit
Antrim County State Bank	Mancelona	National Bank of Detroit, Detroit
The State Savings Bank of Manistique	Manistique	The First National Bank & Trust Company of Marquette, Marquette
Northern Michigan Bank of Marquette	Marquette	National Bank of Detroit, Detroit
Chemical Bank Marshall	Marshall	Chemical Bank and Trust Company, Midland
*Mason State Bank	Mason	First Citizens State Bank, East Lansing
First of America Bank - Menominee	Menominee	First of America Bank - Marquette, N.A., Marquette
Mount Clemens Bank	Mt. Clemens	National Bank of Detroit, Detroit
American Security Bank	Mt. Pleasant	Huntington National Bank & Trust Company of Michigan, Muskegon
Peoples State Bank of Munising	Munising	First of America Bank - Marquette, N.A., Marquette
Pioneer Bank	Norton Shores	National Bank of Detroit, Detroit
Old Kent Bank of Norton Shores, N.A.	Norton Shores	Old Kent Bank and Trust Company, Grand Rapids
Manufacturers Bank of Novi	Novi	Manufacturers National Bank of Detroit, Detroit

*Entered into trust services agreement during 1991

Name and Location of Host Bank		Name and Location of Provider Bank
Oscoda State Bank	Oscoda	Peoples National Bank & Trust Company of Bay City, Bay City
Key State Bank	Owosso	Citizens Commercial & Savings Bank, Flint
State Bank and Trust Company	Petoskey	Old Kent Bank and Trust Company, Grand Rapids
NBD Portage Bank	Portage	National Bank of Detroit, Detroit
Peoples Bank of Port Huron	Port Huron	Manufacturers National Bank of Detroit, Detroit
Maynard-Allen State Bank	Portland	Union Bank and Trust Company, N. A., Grand Rapids
Macomb County Bank	Richmond	National Bank of Detroit, Detroit
Security Bank of Richmond	Richmond	Security Bank and Trust Company, Southgate
NBD Roscommon Bank	Roscommon	National Bank of Detroit, Detroit
NBD Saginaw	Saginaw	National Bank of Detroit, Detroit
Manufacturers Bank of The Shores	St. Clair Shores	Manufacturers National Bank of Detroit, Detroit
Security Bank St. Clair Shores	St. Clair Shores	Security Bank and Trust Company, Southgate
Manufacturers Bank of Saline	Saline	Manufacturers National Bank of Detroit, Detroit
NBD Sandusky Bank	Sandusky	National Bank of Detroit, Detroit
*Central Savings Bank	Sault Ste. Marie	First National Bank and Trust Company, Petoskey
First of America Bank - Bay Area	Sebewaing	First of America Bank - Central, Lansing
Comerica Bank - Central	Shepherd	Comerica Bank - Midland, Midland
Comerica Bank - Southfield	Southfield	Comerica Bank - Detroit, Detroit
The State Savings Bank of South Lyon	South Lyon	First of America Bank - Ann Arbor, Ann Arbor
First of America Bank - Iron County	Stambaugh	First of America Bank - Marquette, N.A., Marquette
State Bank of Standish	Standish	Comerica Bank - Midland, Midland
Chemical Bank Montcalm	Stanton	Chemical Bank and Trust Company, Midland
*Bank of Stephenson	Stephenson	National Bank of Detroit, Detroit
Comerica Bank - Metro East, N.A.	Sterling Heights	Comerica Bank - Detroit, Detroit
Peoples Bank and Trust Company	Trenton	Old Kent Bank and Trust Company, Grand Rapids
Comerica Bank - Troy	Troy	Comerica Bank - Detroit, Detroit
Comerica Bank - Warren, N.A.	Warren	Comerica Bank - Detroit, Detroit
Wayne Bank	Wayne	First of America Bank - Ann Arbor, Ann Arbor
Comerica Bank - West Branch, N.A.	West Branch	Comerica Bank - Midland, Midland
The State Savings Bank of West Branch	West Branch	Peoples National Bank & Trust Company of Bay City, Bay City
*The First State Bank, White Cloud, Michigan	White Cloud	Union Bank and Trust Company, N.A., Grand Rapids
Peoples State Bank	Williamston	National Bank of Detroit, Detroit
Old Kent Bank of Wyoming	Wyoming	Old Kent Bank and Trust Company, Grand Rapids
Ypsilanti Savings Bank	Ypsilanti	Comerica Bank - Detroit, Detroit

*Entered into trust services agreement during 1983

INSTITUTIONS AUTHORIZED TO EXERCISE TRUST POWERS
AS OF DECEMBER 31, 1983

Institutions authorized to exercise full trust powers in accordance with Sections 181 through 186 of the Michigan Banking code of 1969:

Bank of Alma	Alma
Alpena Savings Bank	Alpena
NBD Alpena Bank	Alpena
First of America Bank - Ann Arbor	Ann Arbor
Citizens Trust	Ann Arbor
Comerica Bank - Battle Creek	Battle Creek
Inter-City Bank	Benton Harbor
Central Michigan Bank and Trust	Big Rapids
NBD Cadillac Bank	Cadillac
First of America Bank - Copper Country	Calumet
Chemical Bank Clare	Clare
Branch County Bank	Coldwater
Dearborn Bank and Trust Company	Dearborn
Comerica Bank - Detroit	Detroit
East Lansing State Bank	East Lansing
Michigan Bank - Huron	East Tawas
Citizens Commercial & Savings Bank	Flint
Genesee Merchants Bank & Trust Co.	Flint
Frankenmuth Bank & Trust	Frankenmuth
Fremont Bank and Trust Company	Fremont
The Old State Bank of Fremont	Fremont
The Peoples Bank and Trust Company	Grand Haven
Pacesetter Bank & Trust - West	Grand Haven
Old Kent Bank and Trust Company	Grand Rapids
Commercial State Savings Bank	Greenville
Liberty State Bank & Trust	Hamtramck
The Hastings City Bank	Hastings
The Peninsula Bank	Ishpeming
Comerica Bank - Kalamazoo	Kalamazoo
Chemical Bank Lake City	Lake City
First of America Bank - Central	Lansing
Bank of Lansing	Lansing
Lapeer County Bank & Trust Co.	Lapeer
Ludington Bank and Trust Company	Ludington
Manistee Bank & Trust Co.	Manistee
Chemical Bank and Trust Company	Midland
Comerica Bank - Midland	Midland
Monroe Bank & Trust	Monroe
Security Bank of Monroe	Monroe
Isabella Bank and Trust	Mount Pleasant
FMB - Lumberman's Bank	Muskegon
First of America Bank - Muskegon	Muskegon
Pacesetter Bank and Trust - Southwest	Niles
Pacesetter Bank and Trust	Owosso
State Bank and Trust Company	Petoskey
First of America Bank - Wayne Oakland	Royal Oak
The Commercial and Savings Bank of St. Clair County	St. Clair
Clinton Bank and Trust Company	St. Johns
State Savings Bank of Scottville	Scottville
Security Bank and Trust Company	Southgate
Citizens Trust and Savings Bank	South Haven
The Citizens State Bank	Sturgis
United Savings Bank of Tecumseh	Tecumseh
Pacesetter Bank & Trust - Grand Traverse	Traverse City
Peoples Bank and Trust Company	Trenton
Trenton Bank and Trust Company	Trenton
Wyandotte Savings Bank	Wyandotte
FMB - First Michigan Bank	Zeeland

Institutions authorized to exercise specifically limited trust powers:

Farmers State Bank of Breckenridge	Breckenridge
FMB - Community Bank	Dowagiac
State Savings Bank, Frankfort, Mich.	Frankfort
Bank of Commerce	Hamtramck
Peoples State Bank	Hamtramck
Harbor Springs State Bank	Harbor Springs
State Savings Bank	Lowell
G. W. Jones Exchange Bank	Marcellus
Kalamazoo County State Bank	Schoolcraft

BANK HOLDING COMPANIES AND BANKING SUBSIDIARIES

(Date Acquired)

000's Omitted

		Deposits 12-31-83
Alliance Financial Corporation Dearborn	1. Dearborn Bank and Trust Company, Dearborn (10-1-83)	$ 179,738
American National Holding Company Kalamazoo	1. The American National Bank and Trust Company of Michigan, Kalamazoo (2-1-72)	$ 297,424
	2. The American Bank of Niles, N.A., Niles (1-8-73)	17,691
	3. The American Bank of Three Rivers, N.A., Three Rivers (1-29-73)	23,615
	4. The American National Bank in Portage, Portage (1-29-73)	20,567
	5. The American National Bank in Western Michigan, Allegan (11-5-73)	30,041
	6. The American National Bank in Battle Creek, Battle Creek (10-1-73)	26,479
	7. The Americus National Bank - West, South Haven (10-1-73)	28,019
	8. Ludington Bank and Trust Company, Ludington (9-30-80)	40,012
		$ 483,848
Bay Port Associates Bay Port	1. Bay Port State Bank, Bay Port (Prior to 1970)	$ 9,295
CB Financial Corporation Jackson	1. City Bank and Trust Company, N.A., Jackson (8-7-81)	$ 267,652
	2. Clinton Bank and Trust Company, St. Johns (12-31-83)	118,147
		$ 385,799
Chemical Financial Corporation Midland	1. Chemical Bank and Trust Company, Midland (6-30-74)	$ 306,046
	2. Chemical Bank Albion, Albion (9-30-75)	39,314
	3. Chemical Bank Au Gres, Au Gres (5-31-77)	22,494
	4. Chemical Bank Gladwin County, Beaverton (6-23-77)	32,173
	5. Chemical Bank Marshall, Marshall (7-31-78)	14,452
	6. Chemical Bank Clare, Clare (12-31-79)	94,035
	7. Chemical Bank Lake City, Lake City (10-10-80)	64,546
	8. Chemical Bank Montcalm, Stanton (12-31-81)	59,271
	9. Chemical Bank Coss City, Coss City (9-30-82)	21,216
		$ 633,547
Citizens Banking Corporation Flint	1. Citizens Commercial & Savings Bank, Flint (1-1-82)	$ 979,104
Comerica Incorporated Detroit	1. Comerica Bank - Detroit, Detroit (5-31-74)	$ 5,102,328
	2. Comerica Bank - Livonia, Livonia (8-30-74)	96,446
	3. Comerica Bank - Southfield, Southfield (5-1-75)	145,736
	4. Comerica Bank - Warren, N.A., Warren (5-1-75)	229,258
	5. Comerica Bank - Troy, Troy (7-17-75)	119,058
	6. Comerica Bank - Kentwood, N.A., Kentwood (8-31-77)	34,128
	7. Comerica Bank - Huckley, N.A., Muskegon (11-30-77)	258,732
	8. Comerica Bank - Metro East, N.A., Sterling Heights (6-1-78)	62,073
	9. Comerica Bank - Metro West, N.A., Novi (1-31-80)	26,600
	10. Comerica Bank - Kalamazoo, Kalamazoo (7-31-80)	185,858
	11. Comerica Bank - Midland, Midland (7-1-81)	109,052
	12. Comerica Bank - Central, Stanford (7-1-81)	23,263
	13. Comerica Bank - West Branch, N.A., West Branch (7-1-81)	9,257
	14. Comerica Bank - Battle Creek, Battle Creek (9-1-81)	118,080
	15. Comerica Bank - Ann Arbor, N.A., Ann Arbor (5-1-82)	133,464
	16. Comerica Bank - Jackson, N.A., Jackson (9-1-82)	228,595
	17. Comerica Bank - Grosse Pointe, N.A., Grosse Pointe (11-1-82)	28,784
		$ 6,930,950
Commerce Bancorp, Inc. Hazelrigg	1. Bank of Commerce, Hazelrigg (12-31-81)	$ 805,245
	2. The State Bank of Fraser, Fraser (3-31-83)	89,516
		$ 894,761

BANK HOLDING COMPANIES AND BANKING SUBSIDIARIES - Cont.

(Date Acquired)

000's Omitted

		Deposits 12-31-83
Commercial Bankshares Corp. Adrian	1. Commercial Savings Bank, Adrian (12-31-76)	$ 106,980
Fidelity Financial Corporation of Michigan Birmingham	1. Fidelity Bank of Michigan, Birmingham (3-1-73)	$ 42,714
	2. Fidelity Bank of Southfield, Southfield (7-31-74)	19,561
	3. Fidelity Bank of Bingham Farms, Bingham Farms (5-1-80)	7,201
	4. Fidelity Bank of Troy, Troy (6-19-80)	2,930
		$ 72,406
First of America Bank Corporation Kalamazoo	1. First of America Bank - Michigan, N.A., Kalamazoo (3-20-72) . .	$ 574,976
	2. First of America Bank - Deerfield, Deerfield (3-20-72)	31,300
	3. First of America Bank - Copper Country, Calumet (3-23-72) . . .	50,280
	4. First of America Bank - Holland, N.A., Holland (3-26-73)	83,285
	5. First of America Bank - Straits Area, Cheboygan (5-11-73) . . .	57,808
	6. First of America Bank - Iron County, Stambaugh (4-18-73)	17,223
	7. First of America Bank - Menominee, Menominee (6-4-73)	29,680
	8. First of America Bank - Sault Ste. Marie, N.A., Sault Ste. Marie (5-8-74).	30,891
	9. First of America Bank - Gogebic, N.A., Ironwood (12-13-74) . . .	40,980
	10. First of America Bank - Ludington, N.A., Ludington (12-3-76) . .	46,058
	11. First of America Bank - Grand Rapids, N. A., Grand Rapids (12-31-76).	29,342
	12. First of America Bank - Central, Lansing (10-1-73)	359,943
	13. First of America Bank - Grand Ledge, Grand Ledge (12-6-73) . .	12,840
	14. First of America Bank - Charlotte, Charlotte (4-29-74)	17,527
	15. First of America Bank - Ann Arbor, Ann Arbor (4-30-75)	302,882
	16. First of America Bank - Muskegon (6-1-77)	184,971
	17. First of America Bank - Van Buren, Hartford (12-30-78)	32,316
	18. First of America Bank - Bay Area, Sebewaing (1-10-80)	31,889
	19. First of America Bank - Marquette, N.A., Marquette (6-20-80) . .	46,165
	20. First of America Bank - Wayne Oakland, Royal Oak (7-1-80) . . .	447,228
	21. First of America Bank - South Central, N.A., Quincy (9-29-80) . .	48,661
	22. First of America Bank - Alger, N.A., Munising (5-13-81). . . .	16,074
	23. First of America Bank - Detroit, N.A., Detroit (10-9-81)	880,305
	24. First of America Bank - Troy, Troy (10-9-81)	39,176
	25. First of America Bank - Rochester, N.A., Rochester (10-9-81) . .	45,808
	26. First of America Bank - Plymouth, N.A., Plymouth (10-9-81). . .	45,136
	27. First of America Bank - Huron, Harbor Beach (9-30-82)	25,405
	28. First of America Bank - Mid Michigan, Gladwin (10-1-82)	74,845
		$ 3,602,994
First Macomb Corporation Mt. Clemens	1. Mount Clemens Bank, Mt. Clemens (1-18-75).	$ 185,261
First Manistique Corporation Manistique	1. The First National Bank of Manistique, Manistique (1-29-76) . . .	$ 30,991
	2. Manistique Lakes Bank, Curtis (6-12-76).	8,893
		$ 39,884
First Michigan Bank Corporation Zeeland	1. FMB - First Michigan Bank, Zeeland (1-1-81)	$ 753,766
	2. FMB - First Michigan Bank - Metro, N.A., Detroit (9-15-81) . . .	15,981
	3. FMB - Community Bank, Grandville (11-16-81)	42,637
	4. FMB - Commercial Bank, Wyoming (1-30-81)	144,999
		$ 957,383
First National Corporation East Jordan	1. East Jordan State Bank, East Jordan (1-1-81)	$ 46,193
First of [illegible] Bellaire	1. [illegible]	$ 38,151
First [illegible] [illegible]	1. [illegible]	$ 130,000
	2. [illegible]	12,500
		$ 142,500

BANK HOLDING COMPANIES AND BANKING SUBSIDIARIES - Cont.

	(Date Acquired) 000's Omitted	Deposits 12-31-83
First State Investment Co. Belding	1. First State Bank of Greenville, Greenville (Prior to 1970)	$ 46,983
Harbor Country Bancorp, Inc. Three Oaks	1. The Bank of Three Oaks, Three Oaks (9-30-83)	$ 41,342
Harbor Springs Financial Corporation Harbor Springs	1. Harbor Springs State Bank, Harbor Springs (2-1-83)	$ 21,953
Independent Bank Corporation Ionia	1. First Security Bank, Ionia (6-1-74)	$ 87,149
	2. First State Bank of Newaygo, Newaygo (12-16-74)	15,633
	3. Independent Bank - West Michigan, Rockford (8-21-75)	13,647
	4. Western State Bank, Howard City (2-7-77)	27,938
	5. The Olivet State Bank, Olivet (10-19-79)	9,649
	6. The Peoples Bank of Leslie, Leslie (2-16-81)	28,773
		$ 182,789
Kasco Financial Corporation Warren	1. Warren Bank, Warren (12-31-81)	$ 163,402
Manufacturers National Corporation Detroit	1. Manufacturers National Bank of Detroit, Detroit (4-24-73)	$ 3,980,447
	2. Manufacturers Bank of Livonia, Livonia (1-2-74)	65,038
	3. Manufacturers Bank of Saline, Saline (6-3-74)	70,499
	4. Manufacturers Bank of Bay City, Bay City (9-30-75)	91,159
	5. Manufacturers Bank of Southfield, F.S.A., Southfield (2-11-77)	142,746
	6. Manufacturers Bank of The Shores, St. Clair Shores (6-6-77)	44,010
	7. American Heritage Bancshares, Inc., East Lansing (6-13-79) Manufacturers Bank of Coopersville, Coopersville (10-28-74)	44,954
	8. Manufacturers Bank of Novi, Novi (10-24-79)	15,586
	9. Bank of Lansing, Lansing (1-30-81)	233,161
		$ 4,687,600
Metro Bancorp, Inc. Farmington Hills	1. Metropolitan National Bank of Farmington, Farmington Hills (1-1-82)	$ 85,095
Michigan Financial Corporation Marquette	1. The First National Bank & Trust Company of Marquette, Marquette (10-1-73)	$ 132,666
	2. First National Bank and Trust Company, Escanaba (10-1-73)	80,782
	3. The Manistique First National Bank & Trust Company of Manistique, Manistique (10-1-73)	51,506
	4. The First National Bank of Ishpeming, Ishpeming (10-1-73)	14,978
	5. The Gwinn State Savings Bank, Gwinn (10-1-73)	16,043
	6. Trenary State Bank, Trenary (10-1-73)	10,122
	7. First National Bank of Ironwood, Ironwood (12-31-74)	55,500
	8. The Iron River National Bank, Iron River (6-1-81)	80,035
	9. First National Bank & Trust of Menominee, Menominee (12-31-81)	35,330
		$ 481,162
Michigan National Corporation Bloomfield Hills	1. Michigan National Bank, Lansing (1-1-71)	$ 1,494,240
	2. Michigan National Bank of Detroit, Detroit (1-1-71)	1,436,886
	3. Michigan National Bank - West Michigan, Grand Rapids (1-1-71)	339,214
	4. Michigan National Bank - North Peninsula, Iron Mountain (1-1-71)	89,490
	Michigan National Bank, Saginaw (1-1-71)	686,[illegible]
	Michigan National Bank, Flint (1-1-71)	963,[illegible]
	Michigan National Bank, Kalamazoo (1-1-71)	1,[illegible]
	Michigan National Bank, Muskegon (1-1-71)	884,[illegible]
	Michigan National Bank, Jackson (1-1-71)	1,[illegible]
	Michigan National Bank, Battle Creek (1-1-71)	1,[illegible]
	Michigan National Bank, Bay City (1-1-71)	1,[illegible]
	Michigan National Bank, Midland (1-1-71)	1,[illegible]
	Michigan National Bank, Monroe (1-1-71)	1,[illegible]
	Michigan National Bank, Port Huron (1-1-71)	1,[illegible]
	Michigan National Bank, Traverse City (1-1-71)	1,[illegible]
	Michigan National Bank, Adrian (1-1-71)	1,[illegible]
	Michigan National Bank, Alpena (1-1-71)	1,[illegible]
	Michigan National Bank, Ann Arbor (1-1-71)	1,[illegible]
	Michigan National Bank, Dearborn (1-1-71)	1,[illegible]
	Michigan National Bank, Detroit (1-1-71)	1,[illegible]
	Michigan National Bank, Grand Rapids (1-1-71)	1,[illegible]
	Michigan National Bank, Lansing (1-1-71)	1,[illegible]
	Michigan National Bank, Saginaw (1-1-71)	1,[illegible]
	Michigan National Bank, Traverse City (1-1-71)	1,[illegible]
	Michigan National Bank, Adrian (1-1-71)	1,[illegible]
	Michigan National Bank, Alpena (1-1-71)	1,[illegible]
	Michigan National Bank, Ann Arbor (1-1-71)	1,[illegible]
	Michigan National Bank, Dearborn (1-1-71)	1,[illegible]
	Michigan National Bank, Detroit (1-1-71)	1,[illegible]
	Michigan National Bank, Grand Rapids (1-1-71)	1,[illegible]
	Michigan National Bank, Lansing (1-1-71)	1,[illegible]
	Michigan National Bank, Saginaw (1-1-71)	1,[illegible]
	Michigan National Bank, Traverse City (1-1-71)	1,[illegible]

BANK HOLDING COMPANIES AND BANKING SUBSIDIARIES - Cont.

(Date Acquired)

000's Omitted

		Deposits 12-31-83
Michigan National Corporation (cont.) Bloomfield Hills	17. Michigan Bank - Port Huron, Port Huron (4-20-78)	265,069
	18. Michigan National Bank - Ann Arbor, Ann Arbor (6-13-79)	59,644
	19. Michigan National Bank - Midland, Midland (12-31-79)	23,777
	20. Michigan National Bank - North, Petoskey (12-31-79)	22,409
	21. Michigan National Bank - South Metro, Lincoln Park (12-31-79)	30,217
	22. Michigan Bank - Livingston, Brighton (12-31-79)	50,339
	23. Michigan Bank - Mid South, Litchfield (12-31-79)	55,241
	24. Michigan National Bank - Grosse Pointes, Grosse Pointe Woods (2-14-81)	20,165
	25. Michigan Bank - Midwest, Jackson (9-17-81)	79,220
	26. Michigan Bank - Huron, East Tawas (11-5-81)	50,316
		$ 6,046,218
Midland Mortgage Corporation Detroit	1. Peoples Bank of Port Huron, Port Huron (6-30-72)	$ 193,815
NBD Bancorp, Inc. Detroit	1. National Bank of Detroit, Detroit (1-1-73)	$ 7,638,307
	2. NBD Dearborn Bank, N.A., Dearborn (6-4-74)	43,103
	3. NBD Grand Valley Bank, N.A., Grandville (11-4-74)	68,235
	4. NBD Commerce Bank, Lansing (9-2-75)	54,396
	5. NBD Troy Bank, N.A., Troy (2-23-76)	40,344
	6. NBD Port Huron Bank, N.A., Port Huron (10-28-76)	22,879
	7. NBD Saginaw, Saginaw (11-1-78)	105,495
	8. NBD Portage Bank, Portage (4-12-79)	12,196
	9. NBD Alpena Bank, Alpena (8-1-79)	106,424
	10. Farmers and Merchants National Bank in Benton Harbor, Benton Harbor (1-3-80)	160,586
	11. West Michigan Financial Corporation, Cadillac (8-1-80)	
	NBD Cadillac Bank, Cadillac (4-26-73)	170,012
	NBD Evart Bank, Evart (10-10-74)	29,054
	NBD Northwest Bank, Kalkaska (7-1-82)	31,223
	12. National Ann Arbor Corporation, Ann Arbor (6-1-81)	
	National Bank and Trust Company of Ann Arbor, Ann Arbor (2-28-74)	244,180
	Monroe County Bank, Dundee (12-31-79)	24,699
	13. NBD Sandusky Bank, Sandusky (12-31-81)	100,740
	14. NBD Roscommon Bank, Roscommon (12-31-81)	123,738
		$ 8,975,611
Northern Michigan Corporation Escanaba	1. Northern Michigan Bank, Escanaba (11-1-71)	$ 42,696
	2. Northern Michigan Bank of Marquette, Marquette (5-1-74)	8,462
	3. Northern Michigan Bank of Kingsford, Kingsford (12-15-76)	6,029
		$ 57,187
Northwestern Bank Corporation East Jordan	1. Northwestern State Bank, East Jordan (1-16-81)	$ 70,503
Old Kent Financial Corporation Grand Rapids	1. Old Kent Bank and Trust Company, Grand Rapids (10-16-72)	$ 1,633,773
	2. First Bank of Cadillac, Cadillac (8-1-73)	44,273
	3. Fremont Bank and Trust Company, Fremont (11-1-73)	85,986
	4. Peoples Bank of Holland, Holland (12-31-73)	162,021
	5. Old Kent Bank of Wyoming, Wyoming (4-7-76)	9,290
	6. Old Kent Bank of Grandville, Grandville (5-4-76)	5,700
	7. Old Kent Bank of Kentwood, Kentwood (6-22-76)	15,975
	8. Peoples Bank and Trust Company, Trenton (1-3-78)	194,395
	9. Old Kent Bank of Harbor Shores, N.A., Harbor Shores (4-3-78)	23,756
	10. Central Michigan Bank and Trust, Big Rapids (6-18-79)	81,220
	11. State Bank and Trust Company, Petoskey (1-2-80)	75,251
	12. Old Kent Bank of Kalamazoo, Kalamazoo (4-1-81)	11,764
	13. Gaylord State Bank, Gaylord (6-1-81)	22,363
	14. Pacesetter Bank & Trust - West, Grand Haven (1-31-83)	155,871
	15. Pacesetter Bank & Trust - Grand Traverse, Traverse City (1-31-83)	243,836
	16. Pacesetter Bank and Trust, Owosso (1-31-83)	195,567
	17. Pacesetter Bank - Southeast, Grand Blanc (1-31-83)	53,439
	18. Pacesetter Bank and Trust - Southwest, Tekonsha (1-31-83)	127,896
	19. Pacesetter National Bank, Cassopolis (1-31-83)	82,971
	20. The Brighton State Bank, Brighton (1-31-83)	102,429

BANK HOLDING COMPANIES AND BANKING SUBSIDIARIES - Cont.

	(Date Acquired) 000's Omitted	Deposits 12-31-83
Old Kent Financial Corporation (Cont.) Grand Rapids	21. Old Kent Bank of Lansing, N.A., Lansing (3-31-83)	19,640
	22. The Almont Savings Bank, Almont (3-31-83)	17,798
	23. Hillsdale State Savings Bank, Hillsdale (3-31-83)	21,533
		$ 3,446,247
Ontonagon First National Corporation Ontonagon	1. The First National Bank in Ontonagon, Ontonagon (10-16-80)	$ 14,630
Peoples Banking Corporation Bay City	1. Peoples National Bank & Trust Company of Bay City, Bay City (11-19-73)	$ 334,235
	2. The State Savings Bank of West Branch, West Branch (11-19-73)	56,029
	3. American Security Bank, Mt. Pleasant (12-31-74)	62,638
	4. Oscoda State Bank, Oscoda (12-31-74)	32,519
	5. Frankenmuth Bank & Trust, Frankenmuth (7-31-75)	302,040
	6. The First National Bank of Lapeer, Lapeer (6-1-77)	100,546
	7. Community Bank, Red Axe (6-30-81)	91,965
	8. McPherson State Bank, Howell (12-31-81)	81,256
		$ 1,061,228
Pioneer BankShares, Inc. North Branch	1. Pioneer Bank, North Branch (11-15-83)	$ 11,512
Presque Isle Bancorporation, Inc. Rogers City	1. Presque Isle Bank, Rogers City (6-15-9)	$ 32,488
Second National Corporation Saginaw	1. Second National Bank of Saginaw, Saginaw (1-23-8)	$ 455,634
	2. Second National Bank of Bay City, Bay City (11-15-80)	41,036
		$ 496,670
Securite Bancorp, Inc. Southgate	1. Securite Bank and Trust Company, Southgate (1-1-80)	$ 998,249
	2. Securite Bank Dearborn, Dearborn (12-1-81)	98,941
	3. Securite Bank of Richmond, Richmond (7-1-80)	67,369
	4. Securite Bank St. Clair Shores, St. Clair Shores (10-1-80)	65,829
	5. Securite Bank of Warren, Warren (1-31-81)	121,183
		$ 1,351,571
Southern Michigan Bancorp, Inc. Coldwater	1. Southern Michigan National Bank, Coldwater (12-3-82)	$ 93,741
Spartan Bancorp, Inc. East Lansing	1. First Lansing State Bank, East Lansing (5-16-8)	$ 186,124
Stockbridge Bancorporation, Inc. Stockbridge	1. Stockbridge State Bank, Stockbridge (6-1-8)	$ 36,180
Trans, Inc. Houghton	1. First National Bank of Houghton, Houghton (12-31-82)	$ 75,516
Union Bancorp, Inc. Grand Rapids	1. Union Bank & Trust Company, Grand Rapids (12-31-82)	$ 1,000,175
	2. Commercial Bank and Trust Company, Grand Rapids (12-31-82)	311,759
	3. First Federal Bank, Grand Rapids (12-31-82)	76,533
		$ 1,388,467
United Community Financial Corporation Wayland	1. State Savings Bank, Wayland (12-31-82)	$ 79,142

BANK HOLDING COMPANIES AND BANKING SUBSIDIARIES - Cont.

	(Date Acquired) 000's Omitted	Deposits 12-31-83
United Michigan Corporation Flint	1. Genesee Merchants Bank & Trust Co., Flint (5-15-73)	$ 791,516
	2. The Peoples State Bank of Cara, Michigan, Cara (1-26-77)	38,959
	3. Community State Bank of Fowlerville, Fowlerville (5-31-78)	18,931
		$ 849,406
United Midwest Bancorporation, Ltd. Troy	1. Liberty State Bank & Trust, Hamtramck (9-13-71)	$ 204,920
	2. Liberty Bank - Oakland, Troy (3-1-83)	34,332
		$ 239,252
Wakefield Bancorporation, Inc. Wakefield	1. First National Bank of Wakefield, Wakefield (10-31-83)	$ 17,147
WB Financial Corp. Wayne	1. Wayne Bank, Wayne (8-16-83)	$ 53,503
West Shore Bank Corporation Scottville	1. State Savings Bank of Scottville, Scottville (2-5-82)	$ 44,068
Woodlak Company Houghton	1. Commercial National Bank of L'Anse, L'Anse (Prior to 1970)	$ 26,922
	Deposits of Single-Bank Holding Companies	$ 2,633,560
	Deposits of Multi-Bank Holding Companies	$41,646,365
	Total Deposits of all Bank Holding Companies	$44,279,925

REPORTS OF CONDITION OF STATE BANKS AS OF DECEMBER 31, 1983

ASSETS

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	U.S. Obligations	Obligations of States and Political Subdivisions	Other Bonds and Securities	Federal Funds Sold	Net Loans	Allowance for Possible Loan Losses	Other Assets
Adrian--Adrian State Bank	5,177	8,927	3,759	---	1,610	28,400	337	2,185
*Adrian--Bank of Lenawee County	4,494	10,545	15,902	87	1,250	34,319	437	3,577
*Adrian--Commercial Savings Bank	25,580	19,286	8,585	1,180	2,900	53,900	446	6,364
Akron--Akron State Bank	671	1,199	615	25	1,560	12,086	150	983
Albion--Chemical Bank Albion	1,861	5,967	1,078	---	2,250	9,865	173	994
Alden--Alden State Bank	1,277	1,507	1,188	---	1,650	9,580	10	536
Algonac--The Algonac Savings Bank	5,696	10,366	2,129	899	1,450	29,767	278	2,271
Alma--Bank of Alma	11,873	10,694	15,366	---	2,400	63,143	625	4,615
Almont--The Almont Savings Bank	3,697	601	1,701	958	538	10,993	116	724
Alpena--Alpena Savings Bank	12,821	7,794	12,108	13,123	5,600	60,940	760	4,745
Alpena--NBD Alpena Bank	10,780	29,939	11,387	---	5,600	54,539	672	4,522
Ann Arbor--Citizens Trust	24,706	43,062	17,448	139	12,700	121,477	1,287	11,057
*Ann Arbor--First of America Bank - Ann Arbor	50,623	68,434	16,645	4,404	---	188,518	2,012	17,203
Au Gres--Chemical Bank Au Gres	1,701	2,619	1,003	---	1,850	9,980	145	976
Bad Axe--Community Bank	8,138	18,581	8,822	772	1,650	57,745	700	4,361
Baldwin--Lake-Osceola State Bank	2,514	6,102	2,058	---	1,800	10,247	107	1,227
Bangor--The West Michigan Savings Bank	1,321	8,853	2,759	---	1,010	7,473	94	811
Battle Creek--Comerica Bank - Battle Creek	45,601	8,736	78	102	---	68,056	558	5,815
*Bay City--Manufacturers Bank of Bay City	24,097	11,854	3,931	1,676	---	54,388	560	5,629
Bay Port--Bay Port State Bank	298	2,606	109	1,333	1,387	3,891	59	497
Beaverton--Chemical Bank Gladwin County	3,695	12,423	1,804	---	1,250	15,252	227	1,013
Bellaire--Bellaire State Bank	2,603	7,348	593	---	2,350	15,252	90	1,178
Benton Harbor--Inter-City Bank	14,069	31,967	14,063	---	2,500	106,070	810	6,020
Berrien Springs--Heritage Bank	1,390	470	---	---	1,160	4,606	52	364
Beulah--Central State Bank	926	1,600	527	---	600	10,675	125	1,641
Big Rapids--Central Michigan Bank and Trust	30,602	1,499	6,576	---	---	47,927	630	3,195
Bingham Farms--Fidelity Bank of Bingham Farms	2,329	1,136	109	1,505	2,000	1,389	17	267
Birmingham--Fidelity Bank of Michigan	5,475	4,298	6,774	6,133	450	36,168	101	2,341
*Blissfield--The Blissfield State Bank	2,863	10,372	1,875	48	1,000	14,301	134	1,756
Blissfield--The Raisin Center State Bank	3,431	7,413	1,138	---	2,500	15,424	283	1,117
*Breckenridge--Farmers State Bank of Breckenridge	1,757	5,807	4,175	47	1,300	10,741	296	1,293
Brighton--The Brighton State Bank	26,433	10,550	10,133	12,909	---	56,854	577	5,600
Brighton--Michigan Bank-Livingston	4,535	1,476	152	---	---	44,545	380	5,646
*Brown City--Brown City Savings Bank	859	3,210	464	22	650	11,331	126	942
*Byron Center--Byron Center State Bank	3,469	8,080	1,867	139	---	41,967	416	1,369
Cadillac--First Bank of Cadillac	17,806	2,001	3,153	---	---	28,786	367	1,906
Cadillac--NBD Cadillac Bank	33,654	80,804	18,898	895	2,100	86,588	1,601	7,087
*Caledonia--State Bank of Caledonia	3,110	4,215	3,126	39	1,550	18,258	155	769
*Calumet--First of America Bank - Copper Country	8,417	19,258	1,955	83	550	79,311	867	3,056
*Capac--Capac State Savings Bank	2,533	10,866	1,264	60	1,900	11,258	201	1,825
Caro--The Peoples State Bank of Caro, Michigan	5,033	6,892	1,811	---	1,468	23,586	165	1,809
Caro--State Bank of Caro	3,140	3,615	2,500	---	1,700	16,613	125	1,139
Carsonville--Exchange State Bank	1,202	3,501	1,747	---	1,000	14,023	162	1,005
*Cass City--The Cass City State Bank	1,255	3,327	1,100	60	900	12,985	163	1,110
*Cass City--Chemical Bank Cass City	1,756	8,168	1,100	362	2,100	11,314	111	1,150
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

REPORTS OF CONDITION OF STATE BANKS AS OF DECEMBER 31, 1983

LIABILITIES, RESERVES, AND CAPITAL

(000's Omitted)

Demand Deposits of Individuals, Partnerships and Corporations	Time Deposits of Individuals, Partnerships and Corporations	Public Funds Including U.S. Deposits	Other Deposits	Total Deposits	Other Liabilities	Subordinated Notes and Debentures	Capital Stock	Surplus	Undivided Profits and Other Reserves	Total Assets and/or Total Liabilities
6,787	31,123	5,763	906	44,779	1,477	600	867	867	1,479	50,058
6,955	50,091	4,703	870	62,619	830	---	1,468	1,468	4,529	70,174
14,583	84,129	6,775	1,493	106,980	2,732	---	3,290	3,290	7,383	117,295
1,228	12,093	2,131	394	15,746	113	150	225	600	805	17,019
2,340	15,459	2,801	212	19,812	287	---	301	800	537	21,115
1,518	8,725	1,276	53	11,572	81	---	300	600	862	13,738
5,085	41,514	2,795	265	49,659	1,227	10	1,500	1,500	3,562	57,558
9,436	74,619	8,746	1,801	94,602	1,858	1,500	1,851	1,852	3,836	108,091
2,307	13,672	1,659	165	17,798	1,195	---	350	700	364	19,212
10,989	84,063	8,888	1,343	105,283	1,130	---	1,100	1,900	1,718	112,131
10,110	86,552	10,363	796	106,434	711	---	1,100	1,100	4,750	114,215
35,763	150,589	26,479	1,770	214,711	2,054	500	1,163	1,274	4,917	230,589
61,286	214,438	19,416	3,763	103,903	19,659	---	7,500	7,500	8,757	145,672
1,481	18,958	1,974	81	22,494	800	---	100	800	927	24,629
2,611	75,678	8,323	433	91,965	2,607	---	1,150	1,703	1,163	100,069
2,702	15,076	1,513	119	21,313	251	---	500	600	1,367	23,868
2,131	15,217	1,595	106	19,969	351	---	401	900	1,001	22,622
18,547	86,237	11,660	1,678	118,080	1,854	---	1,500	1,500	4,080	127,894
17,539	66,136	6,928	542	91,359	2,811	---	1,500	1,500	109	101,125
729	8,056	487	33	9,751	59	---	195	600	252	10,111
2,897	28,592	3,101	435	37,213	406	---	896	746	1,986	35,437
2,982	20,686	1,638	118	27,454	316	100	750	1,500	955	29,851
80,570	142,206	12,375	1,896	176,547	1,500	---	4,247	5,753	6,000	194,009
791	5,591	615	303	7,300	91	---	400	1,200	99	9,090
1,953	11,400	1,184	160	16,697	171	---	260	350	85	17,663
8,314	61,801	10,463	419	81,501	5,198	---	1,500	1,500	2,136	92,334
2,451	4,580	411	113	7,801	139	---	400	400	800	9,539
8,527	26,282	3,116	1,068	47,776	1,153	---	1,750	1,750	119	51,548
1,760	31,411	1,346	135	35,256	257	---	300	1,250	800	37,863
1,939	37,331	1,564	114	42,134	369	---	450	1,000	1,333	45,286
3,896	11,356	1,310	335	17,000	1,147	---	800	1,000	2,000	22,947
17,819	43,598	8,435	1,243	71,095	2,000	---	2,000	2,000	4,000	81,095
9,276	16,361	3,010	40	28,687	1,000	---	800	1,000	1,000	32,487
1,255	11,281	2,237	98	14,871	1,000	---	500	500	1,000	17,871
39,021	38,751	1,000	2,241	80,013	1,000	---	2,000	3,000	2,000	88,013
5,561	8,001	2,300	80	15,942	1,000	---	500	500	2,000	19,942
13,310	30,830	11,300	500	55,940	1,000	---	2,000	2,000	2,000	62,940
2,000	9,131	1,300	50	12,481	500	---	500	500	1,000	14,981
1,934	21,191	2,300	50	25,475	500	---	500	500	1,000	27,975
1,307	11,001	2,300	60	14,668	500	---	500	500	1,000	17,168
1,809	12,481	1,300	50	15,640	500	---	500	500	1,000	18,140
1,340	9,131	1,300	50	11,821	500	---	500	500	1,000	14,321
2,391	15,241	2,300	50	19,982	500	---	500	500	1,000	22,482
1,000	10,000	---	---	11,000	---	---	---	---	---	11,000
1,000	10,000	---	---	11,000	---	---	---	---	---	11,000
1,000	10,000	---	---	11,000	---	---	---	---	---	11,000
1,000	10,000	---	---	11,000	---	---	---	---	---	11,000
1,000	10,000	---	---	11,000	---	---	---	---	---	11,000

REPORTS OF CONDITION OF STATE BANKS AS OF DECEMBER 31, 1983

ASSETS

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	U.S. Obligations	Obligations of States and Political Subdivisions	Other Bonds and Securities	Federal Funds Sold	Net Loans	Allowance for Possible Loan Losses	Other Assets
East Jordan—Northwestern State Bank	1,305	24,532	16,986	---	960	29,166	229	4,721
East Lansing—First Lansing State Bank	19,455	16,768	8,669	514	6,000	68,608	794	6,549
*East Tawas—Michigan Bank-Huron	8,031	14,985	1,756	930	1,200	74,090	133	1,806
Escanaba—Northern Michigan Bank	7,614	10,835	825	---	4,720	21,643	217	1,582
Escanaba—State Bank of Escanaba	10,660	9,111	2,315	---	3,600	79,159	797	1,686
*Ewen—The State Bank of Ewen	327	1,926	1,760	19	30	1,825	16	417
Farwell—The Farwell State Savings Bank	978	5,297	6,361	1	1,600	14,628	121	699
Fenton—State Savings Bank of Fenton	9,816	16,754	13,367	1,199	2,000	68,897	560	4,252
*Flint—Citizens Commercial & Savings Bank	147,360	137,734	86,793	6,996	102,500	816,598	7,753	50,188
*Flint—Genesee Merchants Bank & Trust Co.	140,519	304,062	60,891	21,937	15,100	650,649	4,812	27,915
Fowlerville—Community State Bank of Fowlerville	1,051	1,466	1,502	---	1,436	9,179	92	815
Frankenmuth—Frankenmuth Bank & Trust	36,615	59,807	19,034	19,230	16,100	184,505	1,954	11,331
Frankfort—State Savings Bank, Frankfort, Mich.	1,218	6,159	3,450	---	1,500	8,110	61	512
Fraser—The State Bank of Fraser	1,341	19,411	8,835	9	5,430	46,991	490	3,031
Freeland—Freeland State Bank	1,950	9,088	1,737	---	750	17,403	116	1,170
*Fremont—Fremont Bank and Trust Company	10,538	948	7,176	1*	200	71,566	730	1,170
*Fremont—The Old State Bank of Fremont	7,968	4,214	5,685	900	1,900	32,896	275	1,902
*Gaylord—Gaylord State Bank	25,869	7,500	4,211	94	---	90,560	957	2,893
Gladstone—Gladstone State Bank	6,364	1,691	1,288	---	1,900	17,342	94	842
Gladwin—First of America Bank - Mid Michigan	12,589	18,033	9,061	---	3,143	80,586	947	3,547
Grand Blanc—Pacesetter Bank-Southeast	19,240	7,351	3,851	3,901	---	72,966	195	3,564
Grand Haven—Pacesetter Bank & Trust-West	11,315	3,131	17,565	2,435	---	96,391	985	6,021
Grand Haven—The Peoples Bank and Trust Company	5,112	7,446	11,011	---	800	66,536	572	4,031
Grand Ledge—First of America Bank - Central Michigan	1,065	6,361	11	---	---	6,570	75	901
*Grand Rapids—Old Kent Bank and Trust Company	281,890	230,000	82,453	1,363	57,375	836,218	7,603	61,870
Grand Rapids—United Community Bank	5,697	17,693	6,216	---	800	31,795	317	1,369
*Grandville—Old Kent Bank & Grandville	5,572	500	896	39	---	199	30	496
*Grant—The Grant State Bank	598	5,360	152	20	2,100	8,405	106	997
*Greenville—Greenville State Bank	9,367	1,993	5,439	982	500	57,851	335	1,032
*Greenville—Commercial State Savings Bank	5,511	6,110	1,431	194	2,500	35,760	365	2,839
Greenville—First State Bank of Greenville	2,745	31,167	6,850	---	5,000	19,219	286	1,667
Gwinn—The Gwinn State Savings Bank	990	2,073	485	1	3,600	10,444	109	941
Hale—Farmers and Merchants State Bank of Hale	1,011	15,561	1,066	---	2,900	36,067	316	2,789
Hamtramck—Bank of Commerce	19,711	136,301	31,116	31	23,100	54,360	600	11,311
*Hamtramck—Liberty State Bank & Trust	39,013	19,964	16,401	283	---	141,251	1,098	10,216
Hamtramck—Peoples State Bank	1,033	10,413	1,301	75	4,300	41,111	301	1,477
*Harbor Beach—First of America Bank-Huron	2,806	10,654	1,008	347	1,170	37,663	336	663
*Harbor Springs—Harbor Springs State Bank	5,211	1,655	4,019	80	1,400	41,560	403	1,302
Hart—The Oceana County State Bank	2,134	2,508	1,703	---	900	16,235	158	1,095
*Hartford—First of America Bank - Southwest	4,111	7,261	1,718	1,499	700	38,174	369	1,910
Hastings—The Hastings City Bank	6,895	1,185	1,063	---	1,800	37,000	360	2,451
*Hemlock—The State Bank of Hemlock	1,158	1,676	963	1	600	5,704	55	341
Highland Park—National Consumer Cooperative Bank	50,000	---	---	---	---	---	---	411
Hillsdale—Hillsdale State Bank	4,411	2,332	1,334	---	1,500	8,801	85	766
Holland—Peoples Bank of Holland	12,098	9,185	11,251	---	900	98,954	1,241	6,135
Howell—The Howell State Bank	2,238	1,881	2,504	---	500	7,810	76	959
Howell—City National Bank-State Bank	3,210	2,411	1,440	31	---	24,944	249	1,965
Howell—McPherson State Bank	2,551	2,295	2,054	43	1,400	41,911	411	4,290
Hudson—Hudson State Savings Bank	1,211	1,241	1,041	---	1,200	11,311	113	1,128
*Imlay City—Peoples Savings Bank	1,411	1,211	1,211	---	1,200	11,111	111	1,085
Ionia—First of America Bank-Ionia	2,111	2,111	2,111	211	1,111	21,111	211	747
Ionia—Ionia County Trust Co.	1,111	1,111	1,111	111	1,111	11,111	111	1,536
Iron River—Security Bank	1,111	1,111	1,111	111	1,111	11,111	111	1,430
Iron River—The Upper State Bank of Iron River	1,111	1,111	1,111	111	1,111	11,111	111	941
*Ironwood—The Ironwood State Bank	1,111	1,111	1,111	111	1,111	11,111	111	911
*Ishpeming—The Ishpeming State Bank	1,111	1,111	1,111	111	1,111	11,111	111	1,111
Jackson—Jackson Savings Bank	1,111	1,111	1,111	111	1,111	11,111	111	1,111
Jackson—First of America Bank-Jackson	1,111	1,111	1,111	111	1,111	11,111	111	1,111
Jackson—Jackson County Bank	1,111	1,111	1,111	111	1,111	11,111	111	1,111
Jackson—Jackson National Bank	1,111	1,111	1,111	111	1,111	11,111	111	1,111
Jackson—Jackson Savings Bank	1,111	1,111	1,111	111	1,111	11,111	111	1,111
Jackson—Jackson State

REPORTS OF CONDITION OF STATE BANKS AS OF DECEMBER 31, 1983

LIABILITIES, RESERVES, AND CAPITAL

(000's Omitted)

REPORTS OF CONDITION OF STATE BANKS AS OF DECEMBER 31, 1983

ASSETS

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	U.S. Obligations	Obligations of States and Political Subdivisions	Other Securities	Federal Funds Sold	Net Loans	Allowance for Possible Loan Losses	Other Assets
Lake Odessa—Lake State Bank	2,443	1,706	1,299		200	13,547	175	1,811
*Lakeview—Bank of Lakeview	2,245	4,203	3,961	36	1,200	36,317	390	3,244
Lansing—Bank of Lansing	11,280	16,487	2,940	200		91,888	1,483	14,468
*Lansing—First of America Bank—Central	83,976	67,863	46,836	2,495	1,750	332,333	7,586	16,836
Lansing—First Commercial Bank	17,135	17,967	756		1,900	84,200	931	1,947
*Lapeer—Lapeer County Bank & Trust Co.	5,764	26,776	1,381	304	2,300	59,671	570	3,835
*Lawton—The Peoples State Bank of Lawton	2,499	4,280	221	31	1,450	19,391	171	1,263
Leonidas—Leonidas State Bank	1,806	1,911	1,159		1,296	21,162	149	1,252
Lexington—Lexington State Bank	2,476	3,445	1,436	271	850	47,591	438	2,938
Lincoln—Michigan State Bank	1,419	1,750		100	1,100	13,956	161	2,029
*Livonia—Livonia Bank & Trust Co.	11,431	11,776	1,337	670		73,616	890	7,101
*Livonia—Manufacturers Bank of Livonia	8,110	9,114	2,464	31	1,100	56,731	777	5,136
*Livonia—Union Savings Bank	8,158	8,260	2,000		1,500	46,000	721	5,681
Lowell—Lowell Bank and Trust Company	3,139	3,260	1,231		2,900	19,961	180	1,014
Manistique—Schoolcraft County State Bank	2,430	3,350	1,731		2,900	13,961	140	1,014
*Manistee—Manistee Bank & Trust Co.	6,433	6,677	2,483	50	1,850	51,015	464	3,829
*Manistique—The State Savings Bank of Manistique	3,422	11,111	1,000	30	1,450	3,804	107	1,011
*Marine City—C. W. Bland Exchange Bank	1,174	700		50	500	3,746	47	390
Marquette—Northern Michigan Bank of Marquette	874	3,411	140	140	350	4,450	47	754
Marshall—Commercial Bank Marshall	1,186	3,100	331		1,200	9,464	111	458
Marshall—Marshall State Bank	1,439	4,293	1,066	1,100	2,400	26,695	293	2,334
Mason—Mason State Bank	711	1,353	1,241		1,000	11,711	91	638
*Menominee—First of America Bank—Menominee	1,549	1,000	414	50	1,100	18,734	173	1,088
*Midland—Dow Banking and Trust Company	31,600	81,304	31,417	110	10,000	144,307	2,043	11,009
*Midland—Midland Bank and Trust Company	10,000	7,000	3,000		4,200	69,200	996	5,051
Midland—Commercial Bank—Midland	2,211	1,193	1,244	31	1,231	30,963	310	1,459
Monroe—Monroe Bank & Trust	11,483	36,685	10,538	1,896		153,353	1,730	9,681
*Monroe—Security Bank of Monroe	11,115	30,004	9,364	4,775	4,400	92,173	1,291	5,551
Montrose—The Montrose State Bank	1,044	1,400	1,368	100	1,400	10,463	119	1,052
Morley—The Morley State Bank	258	240	23		400	761	14	16
Mount Clemens—Mount Clemens Bank	16,431	19,344	16,200	1,071	2,200	111,816	1,056	11,289
*Mount Pleasant—American Security Bank	11,130	11,000	1,151	1,000	1,050	67,567	654	3,900
*Mount Pleasant—Isabella Bank and Trust	11,511	14,959	10,291	1,147	11,100	77,221	936	5,533
Munising—Peoples State Bank of Munising	1,911	3,396	1,241		500	9,008	114	892
Munith—Farmers State Bank of Munith	488	1,443	1,283		400	1,797	80	147
Muskegon—First of America Bank—Muskegon	33,334	31,436	11,948	833		149,126	1,331	6,571
Muskegon—Hill Commercial Bank	20,741	33,331	4,408	2,913	1,400	91,702	799	3,354
Newaygo—First State Bank of Newaygo	2,208	1,231	1,958	850	400	10,161	101	801
New Baltimore—Citizens State Savings Bank	1,826	4,139	1,241		1,200	9,858	93	1,599
Newberry—The Canadian State Bank	1,744	3,662	1,838		2,000	11,111	74	1,095
Niles—Pokagon State Bank and Trust Company	10,998	11,047	11,474	3,354		118,706	1,319	7,884
*North Branch—Farmers Bank	1,006	1,000	741	30	1,100	7,281	72	827
*North Muskegon—Bank of Nichols	2,041	2,231	1,111	679		6,000	61	1,102
*Northville—Security Bank (Oakland County)	11,477	9,401	1,111			6,500	138	1,761
Ontonagon—The Ontonagon State Bank	1,231	1,961	1,121	200	700	5,616	65	365
*Onsted—The Onsted State Bank	1,206	1,981	741	31	1,100	7,074	81	768
*Ontonagon—The Ontonagon County Bank of Ontonagon	1,806	1,931	1,258	31	1,100	10,834	140	701
Oscoda—Oscoda State Bank	4,408	5,876	1,438	100	500	18,080	191	2,215
Owosso—Fox State Bank	5,187	10,367	4,528	31	1,300	43,112	469	4,492
Owosso—Owosso State Bank	16,401	20,744	11,914	11,441		111,113	1,351	5,566
Owosso—Peoples State Bank and Trust	6,363	10,744	5,118		1,200	57,173	616	3,459
Oxford—Oxford Savings Bank	1,969	3,476	1,110			10,931	127	2,836
*Petoskey—State Bank and Trust Company	21,836	8,000	4,000	50		267,118	3,230	17,459
Pigeon—Pigeon State Bank	103,736	86,728	15,962		14,000	1,500	125	912
Portage—PNC Portage Bank	1,998	2,117			1,350	1,466	125	973
Port Austin—The Port Austin State Bank	1,111	4,476	229	31	1,100	14,839	53	273
Port Hope—The State Bank of Port Hope	1,230	1,207	941		1,150	6,047	71	485
*Port Huron—Michigan Bank—Port Huron	17,984	31,457	16,141	5,139		195,118	1,231	14,729
Port Huron—Peoples Bank of Port Huron	11,135	11,749	6,231		1,300	111,268	963	8,179
Portland—Maynard Allen State Bank	1,230	4,288	1,141		1,200	13,809	158	1,260
Sand Lake—The Sand Lake State Bank	1,430	3,446	1,231	31		14,381	146	912
*Richmond—Macomb County Bank	1,211	1,200	743	81	800	14,094	153	805
*Riverwood—Security Bank of Riverwood	10,313	7,211	1,893	31	1,150	80,484	816	1,551
*River Rouge—First Charge Savings Bank	1,961	1,938	400	81	750	8,260	103	1,091
Rockford—Independent State Bank West Michigan	2,284	2,309	1,231	856	100	9,466	116	1,061
Rogers City—Presque Isle Bank	1,214	1,301	1,206		750	11,450	113	896
*Roscommon—PNC Roscommon Bank	11,629	16,244	4,343	113		83,477	851	3,459

*Member Banks of the Federal Reserve System

REPORTS OF CONDITION OF STATE BANKS AS OF DECEMBER 31, 1983

LIABILITIES, RESERVES, AND CAPITAL

(000's Omitted)

Demand Deposits of Individuals, Partnerships and Corporations	Time Deposits of Individuals, Partnerships and Corporations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7,691	30,194	1,864	10	31,72	0%			5.00	5.00	7.25	86,547
2,798	27,000	0%	0%	30,1	0%			5.00	5.00	7.50	33,46
12,429	52,187	24,331	2,615	231,91	0%		1,000	5.00	5.00	6.00	302,499
14,697	269,175	16,280	1,993	335,343	1,05		0%	5.00	5.00	7.50	386,726
16,345	33,427	5,816	611	56,19	0%			5.00	5.00	7.50	61,615
11,899	47,332	13,134	504	77,141	2,10			5.00	5.00	7.50	101,985
4,126	71,744	2,001	200	78,071	0%			5.00	5.00	7.50	91,304
2,448	15,949	1,734	311	20,51	0%			5.00	5.00	7.50	44,636
6,093	44,413	5,432	647	57,241	0%		900	5.00	5.00	7.50	69,834
8,745	87,299	0%	0%	96,044	0%			5.00	5.00	7.50	106,367
11,772	52,672	298	0%	67,138	4,70			5.00	5.00	7.50	77,453
5,212	31,138	4,756	211	41,30	0%			5.00	5.00	7.50	49,551
5,891	31,906	900	210	40,01	0%			5.00	5.00	7.50	47,513
7,429	47,280	2,181	0%	57,19	0%			5.00	5.00	7.50	67,810
7,639	65,811	0%	0%	73,450	1,27			5.00	5.00	7.50	86,872
2,436	24,831	2,801	0%	30,21	0%			5.00	5.00	7.50	33,808
2,126	3,948	0%	0%	6,07	0%			5.00	0%	0%	6,901
1,313	6,748	0%	0%	8,061	0%			5.00	5.00	0%	9,441
2,811	40,796	1,711	0%	45,317	0%			5.00	5.00	7.50	51,013
4,860	36,436	3,000	0%	44,296	0%			5.00	5.00	0%	50,416
1,290	16,287	1,733	0%	19,310	0%			5.00	0%	1,000	23,117
1,432	22,926	4,170	0%	28,528	0%			5.00	0%	0%	32,332
12,447	268,035	81,280	2,000	363,766	10,31		2,000	5.00	5.00	7.50	393,103
16,139	74,332	17,217	0%	109,263	3,00			5.00	5.00	7.50	118,986
4,031	29,699	3,131	0%	37,092	1,00		0%	5.00	5.00	7.50	41,698
29,481	171,085	44,141	3,239	263,946	8,41			5.00	5.00	7.50	308,115
13,806	141,611	16,121	1,438	177,176	14,10			5.00	5.00	7.50	205,569
2,432	31,206	2,329	0%	35,967	0%			5.00	5.00	7.50	39,177
258	1,280	0%	0%	1,538	0%			5.00	0%	0%	1,826
26,186	138,875	16,868	1,731	183,661	5,00		1,000	5.00	5.00	7.50	201,411
8,570	90,111	5,438	891	43,838	1,85			5.00	5.00	7.50	59,724
10,291	86,742	11,568	1,162	119,177	1,50			5.00	5.00	7.50	133,601
1,882	13,174	1,491	173	17,176	250			5.00	5.00	7.50	18,427
1,088	11,870	623	0%	13,581	0%			5.00	5.00	7.50	14,859
21,470	151,308	9,447	1,250	183,475	7,15			5.00	5.00	7.50	206,047
31,680	112,114	12,420	1,001	144,999	16,11		1,000	5.00	5.00	7.50	170,449
1,941	11,371	1,282	0%	14,611	0%			5.00	5.00	7.50	16,778
3,369	25,851	3,338	267	31,825	0%			5.00	5.00	7.50	36,914
2,778	16,028	2,130	167	21,103	0%			5.00	5.00	7.50	24,011
25,713	121,116	27,177	2,190	177,196	6,27		1,000	5.00	5.00	7.50	196,573
2,193	9,391	860	69	12,513	177			5.00	5.00	7.50	13,639
2,278	9,431	1,216	417	13,342	1,47			5.00	5.00	7.50	16,161
6,196	31,326	4,041	323	41,886	0%			5.00	5.00	7.50	51,482
1,274	7,787	1,115	90	10,266	0%			5.00	5.00	7.50	11,671
1,118	10,611	1,240	166	14,135	0%			5.00	5.00	7.50	16,019
2,180	14,846	2,845	0%	21,260	0%			5.00	5.00	7.50	23,472
2,996	25,680	3,856	0%	32,532	0%			5.00	5.00	7.50	35,319
9,289	65,505	7,986	0%	82,780	0%			5.00	5.00	7.50	90,351
19,467	138,439	15,247	2,447	175,561	1,41		1,000	5.00	5.00	7.50	194,113
4,083	40,801	5,359	0%	52,243	0%			5.00	5.00	7.50	57,399
3,139	40,239	4,356	0%	51,734	2,50			5.00	5.00	7.50	59,731
47,961	339,383	41,430	4,914	433,688	15,14		1,000	5.00	5.00	7.50	500,843
1,273	8,678	1,176	0%	11,126	0%			5.00	5.00	7.50	12,837
543	9,564	636	0%	11,074	0%			5.00	5.00	7.50	12,191
880	11,631	0%	0%	13,111	0%			5.00	0%	0%	14,441
34,196	230,026	31,380	2,274	302,369	24,30			5.00	5.00	7.50	351,765
27,814	144,756	19,834	1,190	193,870	3,40		1,000	5.00	5.00	7.50	217,371
4,977	37,092	5,472	564	48,363	0%			5.00	5.00	7.50	53,840
3,521	24,738	3,139	0%	32,528	0%			5.00	5.00	7.50	37,707
3,340	16,132	0%	0%	19,472	0%			5.00	0%	0%	21,766
1,364	12,614	2,113	0%	16,091	0%			5.00	5.00	7.50	19,180
2,063	13,560	1,230	0%	16,853	0%		1,000	5.00	5.00	7.50	17,906
2,297	17,010	1,901	0%	21,208	0%			5.00	5.00	7.50	23,176
1,467	25,991	4,921	0%	32,379	0%			5.00	5.00	7.50	35,659
9,961	104,920	9,230	0%	124,111	0%			5.00	5.00	7.50	143,473

**Includes Common and Preferred Stock

REPORTS OF CONDITION OF STATE BANKS AS OF DECEMBER 31, 1961

ASSETS

(000's Omitted)

Location and Name of Bank									

REPORTS OF CONDITION FOR STATE BANKS AS OF DECEMBER 31, 1983

LIABILITIES, RESERVES, AND CAPITAL

(000's Omitted)

Demand Deposits of Individuals, Partnerships and Corporations	Time and Savings Deposits of Individuals, Partnerships and Corporations	All Other Deposits	Deposits of U.S. Government	Deposits of States and Political Subdivisions	Deposits of Banks	Certified and Official Checks	Total Deposits	Other Liabilities	Reserves for Contingencies and Other Capital Reserves	Total Equity Capital**	Total Assets
79,899	94,648	6,470	2,000	40,186	5,755		228,958	13,020	1,305	10,163	253,446
1,561	19,401	475	0	11,003	0		32,440	826	124	1,478	34,868
1,184	17,171	311	0	8,710	800		28,176	487	400	1,899	31,962
18,493	36,771	1,781	0	20,485	1,077		78,607	1,360	1,016	3,376	84,359
2,439	30,011	5,003	750	10,708	280		49,191	346	1,765	2,761	52,811
11,340	29,101	1,138	1,000	11,208	1,151	1,541	56,479	1,001	1,001	2,002	59,481
4,139	5,396	1,218	0	2,000	0	0	12,753	0	0	199	12,952
13,887	13,798	0	0	2,000	0	300	29,985	1,000	0	2,063	33,048
14,600	36,401	1,131	0	19,131	4,400	1,241	116,904	2,187	449	4,853	124,393
13,981	47,195	2,986	0	20,000	1,000	1,000	115,162	1,000	1,000	2,130	119,292
4,491	14,114	1,243	0	10,000	1,000	0	30,848	1,000	0	2,000	33,848
5,496	48,000	1,000	0	10,000	1,000	0	65,496	1,000	0	4,000	69,496
5,111	17,000	2,000	0	12,000	0	0	36,111	1,000	0	1,000	38,111
4,289	14,000	2,000	0	10,000	1,000	0	31,289	1,000	1,000	1,000	34,289
3,000	15,000	1,000	0	10,000	0	0	29,000	1,000	0	1,000	31,000

REPORTS OF CONDITION OF NATIONAL BANKS AS OF DECEMBER 31, 1983

ASSETS

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	U.S. Obligations	Obligations of States and Political Subdivisions	Other Bonds and Securities	Federal Funds Sold	Net Loans	Allowance for Possible Loan Losses	Other Assets
Allegan--The American National Bank in Western Michigan	1,978	7,066	2,114	26	3,600	22,222	317	955
Alma--Commercial National Bank	5,524	10,335	6,549	174	7,400	65,827	610	4,801
Ann Arbor--Comerica Bank - Ann Arbor, N.A.	40,430	42,341	8,603	1,135	14,300	70,950	672	5,853
Ann Arbor--Michigan National Bank-Ann Arbor	3,978	7,689	246	1,244	---	51,932	313	5,923
Ann Arbor--National Bank and Trust Company of Ann Arbor	63,334	36,915	26,439	308	3,000	132,802	1,666	9,020
Bad Axe--First National Bank of Bad Axe	7,801	5,179	5,707	89	1,450	41,064	607	3,062
Battle Creek--The American National Bank in Battle Creek	3,708	3,201	2,299	327	1,830	19,927	238	827
Bay City--Peoples National Bank & Trust Company of Bay City	71,636	66,590	45,058	17,619	3,000	191,374	2,341	15,161
Bay City--Second National Bank of Bay City	3,915	3,327	400	72	500	31,108	296	2,295
Benton Harbor--Farmers and Merchants National Bank in Benton Harbor	21,360	31,906	10,449	725	---	106,752	1,073	6,129
Bessemer--The Bessemer National Bank	1,172	11,491	2,304	30	1,455	5,075	63	508
Big Rapids--First National Bank and Trust	2,198	8,716	3,990	31	16,900	20,888	267	2,194
Calumet--First National Bank of Calumet-Lake Linden	3,853	8,512	1,356	4,088	---	7,791	98	897
Coldwater--Michigan National Bank-Michigan	9,635	394	11,371	3,101	2,450	107,902	560	6,446
Coldwater--Peoples National Bank	12,874	9,304	5,310	1,193	500	13,061	153	1,125
Cheboygan--Citizens National Bank of Cheboygan	5,358	13,890	6,980	30	5,950	52,336	600	3,083
Colchester--Southern Michigan National Bank	3,825	19,118	10,343	1,742	5,600	56,308	605	3,801
Crystal Falls--First National Bank of Crystal Falls	8,031	3,868	1,839	1,066	750	14,942	109	1,405
Dearborn--Michigan National Bank-Dearborn	25,631	17,178	4,151	1,075	7,900	188,494	309	5,112
Dearborn--NBD Dearborn Bank, N.A.	6,897	13,226	---	106	2,400	22,305	361	3,247
Detroit--First Independence National Bank of Detroit	13,901	14,311	10	364	10,650	16,532	346	2,109
Detroit--First of America Bank - Detroit, N.A.	316,389	147,081	8,388	22,226	14,290	687,974	9,351	30,290
Detroit--Manufacturers National Bank of Detroit	1,140,836	660,481	332,395	25,187	57,491	2,780,431	30,136	301,713
Detroit--Michigan National Bank of Detroit	160,301	133,767	95,269	10,300	---	1,317,122	11,633	116,954
Detroit--National Bank of Detroit	2,361,737	1,896,187	1,272,868	74,036	597,500	4,682,908	61,458	687,084
East Lansing--First National Bank in Michigan	9,100	3,812	5,358	76	160	25,704	260	1,195
Escanaba--First National Bank and Trust Company	11,868	3,605	9,700	355	1,675	58,018	630	4,866
Evart--NBD Evart Bank, N.A.	4,639	10,767	1,741	19	450	13,497	147	802
Farmington Hills--Metropolitan National Bank of Farmington	13,460	3,144	813	39	1,900	17,767	139	966
Farmington Hills--Michigan National Bank-Farmington	5,816	5,881	1,659	45	200	34,937	160	1,558
Fenton--First National Bank of Fenton	7,535	19,520	6,162	668	---	35,024	314	2,739
Flint--Michigan National Bank-Mid Michigan	66,764	59,145	12,786	5,599	---	236,945	1,686	15,996
Frankfort--Benzie National Bank	402	659	---	17	900	2,451	6	683
Gaylord--First National Bank of Gaylord	3,417	3,253	710	28	1,850	11,117	71	1,168
Gladstone--First National Bank in Gladstone	2,956	4,013	1,503	18	2,200	11,260	123	884
Grand Rapids--First of America Bank - Grand Rapids, N.A.	4,317	5,135	1,085	61	150	19,258	178	2,127
Grand Rapids--Union Bank and Trust Company, N.A.	112,503	90,982	47,495	45,404	1,900	344,363	2,769	27,110
Grandville--NBD Grand Valley Bank, N.A.	9,455	9,511	4,639	107	1,250	47,062	501	1,811
Grayling--Northern National Bank	766	1,011	---	39	---	8,380	79	1,033
Grosse Pointe--Comerica Bank - Grosse Pointe, N.A.	21,546	1,938	---	68	4,750	1,533	30	826
Grosse Pointe Woods--Michigan National Bank-Grosse Pointes	1,164	1,169	---	315	3,300	15,961	44	878
Hancock--The Superior National Bank and Trust Company of Hancock	11,662	3,330	1,285	3,471	---	37,936	270	2,249
Hastings--National Bank of Hastings	3,708	5,559	2,514	339	750	9,547	109	1,101
Hermansville--The First National Bank of Hermansville	1,974	1,766	907	31	1,500	10,126	102	666
Hillsdale--Hillsdale County National Bank	4,985	16,398	11,931	93	---	48,830	354	2,654
Holland--First of America Bank - Holland, N.A.	15,745	17,031	5,169	1,606	---	52,629	538	3,202
Houghton--Houghton National Bank	6,571	5,542	3,360	45	883	21,860	175	1,248
Howell--First National Bank in Howell	5,358	15,332	3,666	1,633	1,000	33,659	318	3,117
Ionia--The Ionia County National Bank of Ionia	6,048	18,489	5,553	76	2,900	35,651	250	2,040
Iron Mountain--Commercial National Bank & Trust Co.	3,266	11,653	2,776	107	5,600	32,565	176	1,519
Iron Mountain--The First National Bank of Iron Mountain	4,377	17,024	5,355	107	7,100	34,569	170	2,066

REPORTS OF CONDITION OF NATIONAL BANKS AS OF DECEMBER 31, 1983

LIABILITIES, RESERVES, AND CAPITAL

(000's Omitted)

Demand Deposits of Individuals, Partnerships and Corporations	Time Deposits of Individuals, Partnerships and Corporations	Public Funds (including U.S. Deposits)	Other Deposits	Total Deposits	Other Liabilities	Subordinated Notes and Debentures	Capital Stock	Surplus	Undivided Profits and Other Reserves	Total Assets and/or Total Liabilities
4,641	20,199	4,061	343	29,391	136	500	600	550	1,654	33,441
11,334	66,897	8,569	685	89,365	3,939	—	2,765	2,991	1,611	100,860
27,433	102,634	10,905	2,603	143,865	5,104	—	3,300	4,895	1,349	158,702
9,830	44,766	4,764	856	59,644	2,189	—	1,230	3,003	(131)	71,013
50,681	181,894	5,486	3,019	241,180	5,865	—	1,500	4,845	12,329	272,908
5,230	41,191	5,474	261	56,252	1,064	500	1,093	1,567	1,467	64,137
6,795	15,956	1,401	80	24,478	191	—	350	550	986	29,089
35,800	276,146	19,662	1,431	333,239	16,757	—	6,000	6,000	5,446	368,438
6,001	31,116	990	417	41,234	1,953	—	1,000	900	518	45,667
26,791	131,547	11,791	861	169,586	2,756	—	2,825	4,825	8,012	178,856
3,469	14,061	2,335	58	19,923	380	—	500	500	1,329	22,585
5,133	38,640	5,778	168	49,859	1,111	—	350	550	1,843	53,930
2,060	16,601	1,336	121	20,434	110	—	153	361	691	21,031
18,135	96,143	13,417	1,277	129,436	2,381	500	2,170	2,170	1,382	140,655
4,355	25,432	3,661	311	33,951	27	—	500	500	1,671	36,961
8,499	66,089	4,317	721	80,626	1,369	—	1,100	1,100	1,189	87,529
11,738	68,411	11,237	865	92,341	1,293	1,000	1,114	1,114	4,096	102,553
3,344	25,223	3,098	47	31,712	667	172	400	360	1,703	35,401
32,138	140,335	113	2,891	175,477	1,566	213	2,950	950	5,539	186,203
11,719	90,437	217	3,110	105,483	494	—	2,700	900	1,054	110,181
8,319	37,896	21,836	325	68,376	1,863	891	1,177**	1,291	161	73,019
934,412	595,115	211,931	116,421	1,857,879	310,855	16,400	14,000	36,981	14,603	2,130,398
784,473	1,444,491	716,201	335,114	3,280,279	960,598	2,552	80,877	90,368	155,665	3,089,574
880,005	811,413	861,274	92,794	2,645,486	218,184	1,750	71,453	71,300	56,779	1,903,888
1,795,936	4,359,769	770,808	1,416,801	8,343,314	1,291,864	—	15,000	333,578	369,831	11,353,300
3,305	34,316	471	636	40,728	1,347	—	420	440	2,491	45,445
8,270	43,442	8,179	881	80,782	2,084	—	781	2,730	3,501	89,787
3,848	21,666	4,864	186	35,054	640	—	369	371	1,366	37,900
1,590	26,007	1,153	103	33,075	86	250	532	445	1,408	36,076
2,910	32,509	1,680	436	41,731	1,394	800	900	1,000	964	47,791
4,388	43,976	10,814	698	59,980	2,161	800	807	807	2,183	66,418
12,395	319,361	35,980	3,611	393,775	15,135	100	9,000	9,300	3,335	437,415
325	3,010	440	135	4,151	27	—	635	635	1,8011	5,337
1,811	15,084	2,895	437	19,926	203	—	476	476	523	21,603
1,673	15,292	1,515	177	20,960	302	—	200	400	951	22,713
3,401	19,075	3,660	198	27,143	595	—	700	1,070	226	32,133
91,636	555,360	16,432	31,414	595,137	17,016	5,600	6,400	10,600	36,914	668,857
12,109	53,042	7,581	546	68,318	999	100	1,700	1,700	1,470	76,027
1,337	2,952	630	316	10,030	2,606	—	650	650	1560	11,229
1,633	25,173	1,801	378	28,984	533	—	1,000	1,000	1643	31,643
3,156	16,861	5	139	20,165	956	—	750	750	1563	23,587
8,558	37,586	1,454	259	47,773	31	—	600	600	1,109	47,973
3,860	14,024	2,059	190	20,133	740	—	500	500	1,564	23,897
1,408	11,902	1,535	116	14,959	113	—	335	691	313	16,500
6,208	37,098	5,281	439	49,805	686	—	1,553	1,553	1,965	56,991
11,552	68,054	3,054	1,484	84,965	3,774	—	950	2,500	3,018	95,437
5,775	32,898	1,448	234	41,345	836	—	750	750	2,354	46,505
10,015	44,581	4,741	498	59,835	66	800	656	819	3,372	64,230
5,753	33,604	3,738	727	43,664	1,170	450	1,366	1,366	1,961	49,757
7,885	39,919	1,736	253	51,004	827	—	1,600	1,600	2,455	57,486
10,170	45,351	5,215	480	63,166	1,633	—	1,000	2,500	2,737	70,596

**Includes Common and Preferred Stock

REPORTS OF CONDITION OF NATIONAL BANKS AS OF DECEMBER 31, 1983

ASSETS

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	U.S. Treasury	Obligations of States and Political Subdivisions	Other Bonds and Securities	Federal Funds Sold	Net Loans	Allowance for Possible Loan Losses	Other Assets
Iron River--The Iron River National Bank	3,081	1,987	1,561	86	3,330	16,600	156	1,805
Ironwood--First National Bank of Ironwood	4,461	11,310	5,034	79	5,350	32,664	361	2,766
Ironwood--First of America Bank - Gogebic, N.A.	3,310	13,751	2,352	558	359	23,928	231	1,558
Negaunee--The Miners' First National Bank & Trust Company of Negaunee	5,283	6,819	1,184	201	1,190	36,984	352	2,192
Jackson--City Bank and Trust Company, N.A.	17,799	108,328	23,805	346	15,250	90,480	1,801	10,111
Jackson--Comerica Bank - Jackson, N.A.	13,254	56,804	10,980	1,800	27,890	111,113	1,914	10,240
Kalamazoo--The American National Bank and Trust Company of Michigan	35,655	37,414	11,934	6,180	12,200	223,094	2,126	12,281
Kalamazoo--First of America Bank - Michigan, N.A.	38,151	122,511	54,219	8,550	---	365,871	4,162	32,381
Kalamazoo--Michigan National Bank-West	1,321	4,039	1,366	648	180	53,184	197	6,970
Kentwood--Comerica Bank - Kentwood, N.A.	13,963	1,168	---	80	2,300	17,812	181	1,608
L'Anse--Commercial National Bank of L'Anse	3,131	4,914	107	1,676	---	14,758	130	874
Lansing--Capital National Bank	8,916	5,459	---	30	1,200	9,414	---	156
Lansing--Michigan National Bank	164,046	113,876	25,809	10,719	25,000	1,120,009	11,500	247,988
Lansing--Old Kent Bank of Lansing, N.A.	11,816	991	---	241	---	9,252	122	629
Lapeer--The First National Bank of Lapeer	4,680	20,456	1,342	291	---	80,171	854	1,060
Lincoln Park--Michigan National Bank-South Metro	7,921	2,140	680	224	2,900	18,309	59	1,188
Livonia--Michigan National Bank-West Metro	20,169	27,843	23,189	4,706	17,500	202,052	800	15,563
Livonia--First of America Bank - Livonia, N.A.	4,591	14,361	4,768	549	500	37,490	376	1,845
Madison Heights--The Madison Heights Bank	2,010	2,350	1,638	3,955	1,500	20,486	317	3,301
Manistee--Security National Bank of Manistee	13,913	14,955	6,671	211	2,300	36,794	458	1,671
Manistique--The First National Bank of Manistique	3,490	7,923	4,636	95	300	17,539	178	1,124
Marquette--The First National Bank & Trust Company of Marquette	14,817	1,351	17,449	432	7,850	105,223	987	7,759
Marquette--First of America Bank - Marquette, N.A.	5,215	1,511	117	597	---	34,853	381	1,640
Mason--The Dart National Bank of Mason	4,980	18,686	3,916	13,178	1,500	30,639	325	3,153
Menominee--First National Bank and Trust of Menominee	1,437	13,300	7,977	21	1,250	26,802	288	2,035
Midland--Michigan National Bank-Midland	7,965	5,080	869	153	---	12,357	79	4,182
Mount Clemens--First National Bank in Mount Clemens	11,314	21,350	9,151	3,083	2,000	111,957	1,752	8,562
Munising--First of America Bank - Alger, N.A.	3,182	5,424	142	31	350	9,156	99	705
Muskegon--Comerica Bank - Muskegon, N.A.	117,669	86,871	21,365	1,357	4,500	108,095	1,946	10,116
Negaunee--The First National Bank of Negaunee	6,551	17,478	4,014	18	1,605	18,138	142	1,893
Niles--The American Bank of Niles, N.A.	3,453	6,889	1,918	416	3,500	9,526	88	702
Norton Shores--Old Kent Bank at Norton Shores, N.A.	19,780	100	---	59	---	4,989	97	1,387
Norway--The First National Bank of Norway	1,369	11,542	2,271	24	---	13,427	126	1,044
Novi--Comerica Bank - Metro West, N.A.	19,156	2,490	---	60	1,300	3,165	29	839
Novi--Michigan National Bank-West Oakland	10,976	1,439	1,938	1,099	---	56,933	416	8,886
Ontonagon--The First National Bank in Ontonagon	4,590	2,744	107	135	825	7,683	62	388
Petoskey--First National Bank and Trust Company	10,263	21,213	11,060	4,412	900	51,619	435	5,068
Petoskey--Michigan National Bank-North	2,211	1,450	56	30	---	19,592	41	1,775
Pigeon--Thumb National Bank and Trust Company	1,498	10,318	5,153	38	3,900	39,478	158	2,611
Plymouth--First of America Bank - Plymouth, N.A.	6,460	13,024	815	1,114	6,500	18,339	248	2,378
Pontiac--Community National Bank of Pontiac	56,836	156,191	13,846	605	10,500	260,079	3,098	23,751
Portage--The American National Bank in Portage	780	2,505	2,115	55	3,600	13,131	134	909
Port Huron--P&D Port Huron Bank, N.A.	3,796	4,350	---	84	600	14,815	120	1,503
Quincy--First of America Bank - South Central, N.A.	6,721	11,904	1,881	589	930	29,220	374	2,955
Rochester--First of America Bank - Rochester, N.A.	6,239	12,657	90	614	---	39,307	296	1,583
Rogers City--Huron National Bank	614	1,755	---	37	500	8,733	85	1,002
Royal Oak--National Bank of Royal Oak	11,341	20,417	2,180	279	5,850	36,761	341	2,983
Saginaw--Michigan National Bank-Valley	29,619	25,015	5,176	5,582	6,600	99,007	600	10,598
Saginaw--Second National Bank of Saginaw	98,075	43,219	57,125	1,236	20,100	280,565	3,896	27,626
St. Ignace--The First National Bank of St. Ignace	2,678	10,345	1,592	33	5,280	23,197	231	2,376
St. Johns--Central National Bank of St. Johns	7,969	20,079	6,906	337	5,500	26,212	161	1,738
Sault Ste. Marie--First of America Bank - Sault Ste. Marie, N.A.	5,441	7,581	1,443	494	1,363	16,591	132	1,415
Southfield--Manufacturers Bank of Southfield, N.A.	75,476	19,194	---	3,476	---	58,234	789	8,323
Southfield--Michigan National Bank-Oakland	58,933	4,724	40,269	6,724	10,000	312,275	1,052	17,287
South Haven--The American National Bank-West	1,596	6,202	2,380	668	2,210	16,585	173	1,031
Sterling Heights--Comerica Bank - Metro East, N.A.	15,365	16,230	---	90	8,200	5,032	84	1,794
Sterling Heights--Michigan National Bank-Sterling	6,377	1,431	832	371	9,000	44,311	182	2,155
Sturgis--First National Bank & Trust Company	6,955	11,688	6,292	840	6,830	36,588	268	3,857

REPORTS OF CONDITION OF NATIONAL BANKS AS OF DECEMBER 31, 1983

LIABILITIES, RESERVES, AND CAPITAL

(000's Omitted)

Demand Deposits of Individuals, Partnerships and Corporations	Time Deposits of Individuals, Partnerships and Corporations	Public Funds, including U.S. Deposits	Other Deposits	Total Deposits	Other Liabilities	Subordinated Notes and Debentures	Capital Stock	Surplus	Undivided Profits and Other Reserves	Total Assets and/or Total Liabilities
2,669	23,726	1,353	387	32,685	66	---	325	600	851	32,159
4,414	37,315	1,861	869	55,539	559	---	500	2,000	1,687	60,054
5,770	33,543	4,209	311	43,796	648	---	800	1,000	1,043	46,571
4,110	43,947	2,567	921	51,508	873	---	500	3,495	2,183	57,811
35,516	202,186	17,868	1,187	362,657	6,535	---	4,796	4,796	11,694	895,679
46,034	209,119	24,187	3,337	378,993	14,960	687	5,274	5,274	13,043	816,642
58,134	218,193	37,611	1,863	397,474	49,435	1,000	5,663	5,663	11,944	610,378
114,709	315,327	89,735	5,865	614,956	99,510	---	9,750	13,000	30,534	683,777
8,930	47,380	3,063	796	63,105	5,136	600	2,350	2,350	85	73,044
5,510	76,776	2,296	196	94,138	344	---	1,000	2,750	(876)	96,718
2,708	31,836	2,593	525	36,452	113	---	600	1,000	1,195	39,690
1,263	6,673	1,662	200	11,656	35	---	250	900	(310)	12,031
230,272	1,016,573	180,657	26,740	1,454,249	178,619	13,500	61,864	76,587	94,133	1,761,048
2,730	11,299	5,711	995	19,660	1,960	---	750	750	(553)	22,988
12,332	65,052	19,939	1,328	98,586	17,246	---	2,500	2,500	3,314	119,806
1,460	26,222	11	774	32,317	1,498	---	750	750	259	35,574
49,982	243,000	9,792	2,379	312,273	58,833	7,250	3,000	3,000	14,138	413,234
6,190	37,766	1,822	380	46,059	486	---	1,193	1,193	1,911	50,805
7,139	33,751	4,496	338	46,313	436	---	715	679	2,103	40,580
6,661	58,819	6,556	503	72,117	668	335	1,011	1,011	5,105	79,936
3,166	22,625	5,031	179	30,991	423	---	800	800	2,045	34,468
11,588	94,960	31,751	2,563	137,166	2,238	---	550	9,000	5,124	148,078
9,481	37,257	3,339	698	46,165	3,456	---	1,930	1,402	(196)	52,672
9,747	56,908	3,627	434	72,666	4,991	---	500	1,500	2,291	80,958
7,689	46,473	1,133	285	55,580	516	---	250	530	2,983	59,858
1,565	18,750	3,170	307	23,277	3,849	---	500	1,475	(2901)	29,901
36,175	134,333	75,347	3,292	199,147	3,672	---	2,930	3,931	7,661	216,216
833	13,723	1,434	84	16,074	199	---	900	594	309	17,600
28,958	215,352	10,042	4,580	258,732	9,391	---	4,139	6,000	7,897	286,359
3,425	37,581	5,288	258	46,552	569	---	500	800	3,416	51,137
1,869	14,003	1,387	432	17,691	1,868	---	310	192	643	20,904
2,329	18,967	2,407	53	23,756	1,492	---	625	625	406	26,904
2,581	21,690	1,780	85	26,136	1,011	---	600	500	1,830	29,777
2,945	22,950	401	804	26,600	605	---	1,000	1,000	(395)	29,010
12,522	56,392	709	734	70,357	6,207	300	2,300	2,810	(724)	81,250
992	11,184	2,372	77	14,630	187	---	130	805	220	15,962
11,704	74,843	9,699	577	96,823	1,469	---	1,200	3,600	3,443	106,535
1,777	16,825	3,602	205	22,409	1,783	---	500	1,050	(208)	25,534
3,935	50,073	3,920	688	58,666	788	---	491	783	2,458	63,186
14,485	24,083	6,058	510	45,136	486	---	1,075	1,075	858	48,630
70,377	335,036	35,822	4,354	445,589	60,439	5750	10,000	10,000	10,530	541,808
3,672	16,163	489	243	20,567	408	350	750	750	260	23,085
2,180	19,817	828	54	22,879	471	---	2,025	790	(1,017)	25,148
5,326	40,705	2,373	257	48,661	1,550	---	1,006	2,273	210	53,700
10,579	30,553	4,192	484	45,808	932	---	1,050	1,100	1,490	50,380
484	9,881	1,143	255	11,763	69	---	625	625	(381)	12,701
11,371	55,592	7,848	410	75,221	1,256	350	1,997	664	573	79,861
16,948	144,166	3,168	2,006	166,288	5,496	1,000	2,422	2,113	4,283	181,602
58,482	360,878	32,313	3,961	455,634	26,778	---	10,250	10,250	18,034	520,946
4,453	33,076	4,888	466	42,883	858	---	442	665	2,653	47,501
6,311	38,703	15,230	608	60,852	2,549	---	1,047	1,500	2,771	68,719
5,225	24,742	773	151	30,891	615	---	700	700	1,422	34,328
30,120	102,121	9,259	1,246	142,746	8,753	---	3,200	3,200	3,654	161,553
95,799	294,874	10,472	5,630	406,775	10,793	1,885	4,170	4,170	22,459	450,252
2,878	21,394	3,297	450	28,019	412	140	563	562	976	30,672
5,004	56,393	35	641	62,073	1,105	---	1,500	1,500	1,133	67,311
8,675	47,201	92	489	56,457	4,562	350	1,350	1,000	758	64,477
8,960	52,431	1,839	293	63,523	4,440	664	929	928	2,561	73,045

REPORTS OF CONDITION OF NATIONAL BANKS AS OF DECEMBER 31, 1983

ASSETS

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	U.S. Obligations	Obligations of States and Political Subdivisions	Other Bonds and Securities	Federal Funds Sold	Net Loans	Allowance for Possible Loan Losses	Other Assets
Taylor--National Bank Wyandotte-Taylor	12,811	19,519	10,119	4,332	688	64,813	632	6,985
Three Rivers--The American Bank of Three Rivers, N.A.	1,391	4,822	1,679	604	1,100	15,709	168	955
Three Rivers--The First National Bank of Three Rivers	2,730	22,848	4,246	69	1,200	39,614	119	2,798
Traverse City--The Empire National Bank of Traverse City	20,036	13,089	9,415	5,743	6,450	94,761	1,150	11,442
Traverse City--Michigan National Bank - Grand Traverse	6,351	7,558	46	859	---	45,161	251	4,372
Traverse City--National Bank and Trust Company of Traverse City	8,351	18,442	3,662	3,431	---	62,013	1,500	9,121
Troy--Michigan National Bank-North Metro	14,765	7,682	11,527	7,339	10,305	236,518	950	9,252
Troy--NBD Troy Bank, N.A.	4,552	11,590	---	111	2,650	73,130	341	2,878
Wakefield--The First National Bank of Wakefield	259	8,051	1,166	8	600	7,368	135	932
Walker--F.N.B. - First Michigan Bank - Metro, N.A.	5,435	1,609	113	47	950	29,524	301	1,475
Warren--Comerica Bank - Warren, N.A.	139,566	49,068	---	137	25,000	89,259	1,223	6,055
Warren--Michigan National Bank of Macomb	27,141	10,558	8,131	4,911	1,000	176,653	356	12,231
West Branch--Comerica Bank - West Branch, N.A.	4,066	1,099	---	30	1,825	3,620	16	509
Wyoming--Michigan National Bank - Central	44,638	2,225	10,983	2,299	2,000	220,080	1,140	11,592
Ypsilanti--The National Bank of Ypsilanti	12,793	11,001	6,644	110	17,600	36,477	200	3,931

REPORTS OF CONDITION OF NATIONAL BANKS AS OF DECEMBER 31, 1983

LIABILITIES, RESERVES, AND CAPITAL

(000's Omitted)

Demand Deposits of Individuals, Partnerships and Corporations	Time Deposits of Individuals, Partnerships and Corporations	Public Funds (including U.S. Deposits	Other Deposits	Total Deposits	Other Liabilities	Subordinated Notes and Debentures	Capital Stock	Surplus	Undivided Profits and Other Reserves	Total Assets and/or Total Liabilities
11,553	91,555	3,787	1,822	108,717	7,808	750	1,484	1,484	3,024	119,267
2,397	19,433	2,011	174	23,615	539	140	450	450	900	26,090
8,140	39,326	4,898	398	52,853	1,245	---	900	1,000	1,268	58,585
17,447	115,458	6,427	2,871	142,803	5,365	1,000	3,000	3,559	7,249	157,936
7,353	41,369	2,019	403	51,325	4,369	500	1,100	1,700	(194)	58,866
13,285	51,899	11,621	1,080	87,885	6,729	1,500	1,715	3,660	(2,001)	103,968
67,255	280,887	4,850	2,198	355,190	14,814	1,739	2,630	2,696	15,939	431,127
12,315	26,153	1,158	697	40,324	930	---	1,750	620	(332)	44,907
1,677	14,342	1,017	116	17,247	356	---	50	200	1,181	18,864
5,234	33,384	5,290	571	46,860	2,473	---	900	900	698	60,957
23,927	195,565	8,193	1,138	229,258	4,685	---	2,300	3,795	8,985	268,098
26,348	119,312	1,516	3,815	150,060	11,299	750	3,950	1,300	4,065	180,690
302	6,952	1,603	---	8,857	112	---	500	500	(170)	10,199
46,455	205,961	1,111	2,188	255,715	17,307	2,000	6,835	3,133	8,397	293,671
10,329	44,556	20,982	932	76,799	1,344	---	1,378	2,693	2,488	85,636

SAFE AND COLLATERAL DEPOSIT COMPANIES AS OF
DECEMBER 31, 1983

Name and Location								
The Depository 30900 Telegraph at Thirteen Mile Birmingham, Michigan								
First State Deposit Company East Detroit, Michigan								
Manchester Safe Deposit Corporation Manufacturers Bank Tower Renaissance Center Detroit, Michigan								
Safe Deposit Company of Michigan 611 Woodward Avenue Detroit, Michigan								

CREDIT UNION DIVISION

The Credit Union Division regulates and supervises state-chartered credit unions under the authority of Act 285 of the Public Acts of 1925, as amended (the Credit Union Act). Credit unions are cooperative societies incorporated for the purpose of promoting thrift and creating a source of credit for their members. All Michigan credit union members' share and deposit accounts, with the exception of Central Credit Union of Michigan, are insured up to $100,000.00 by the National Credit Union Administration (NCUA), an agency of the United States Government.

Supervision and Examination

The major regulatory function of the division is to insure that all state-chartered credit unions are operating in compliance with state law and are in a financially safe and sound condition. Examinations are the primary means by which the division monitors the operations and financial condition of these institutions. Review of a credit union's compliance with various state and federal consumer protection statutes is a part of each examination. Other responsibilities of the division include the supervision of problem credit unions, investigating applications for new charters, processing credit union mergers and dissolutions, and responding to consumers' complaints and inquiries involving credit unions.

During 1983, the division examined 426 or 82% of all state-chartered credit unions as compared to 382 or 72% during 1982. The division also conducted 103 follow-up contacts in credit unions where problems were detected during the regular examination. More credit unions were examined during 1983 as the result of modified examination procedures, better coordination with credit unions' outside accounting firms, and reduction of examination time spent in credit unions with above average performance.

Assets of state-chartered credit unions grew during 1983 by 12.9% to $3.3 billion. Central Credit Union of Michigan, Southfield (a corporate credit union serving only other credit unions), grew by $109.7 million to a total of $660 million. Although the growth in Michigan's state-chartered credit unions is impressive, it falls behind the 1983 national growth rate for credit unions which is repoted to be in excess of 20%. Some factors possibly contributing to this were the merger of Burroughs Employees Credit Union ($80 million in assets) with a federally-chartered credit union and Michigan's slower economic recovery. Total members' savings in credit unions grew 13.7% to a record of $3.0 billion. Total loans to members also increased $117.8 million during 1983 to $2.0 billion after declining $8.9 million in 1982.

Legislation and Regulation

Legislation was introduced in 1983 that would permit credit unions to enter into contracts with other credit unions to provide certain services for each other's members. This legislation, House Bill 4453, has passed the House and at year-end 1983 was in the Senate Corporations and Economic Development Committee.

In May 1983, three policy bulletins were sent to all state-chartered credit unions covering the topics listed below.

1. Common bond and field of membership requirements (including allowable field of membership expansions).
2. Merger policies and procedures.
3. Alternative definition to the term "immediate family" as contained in a credit union's bylaws.

These new policies were issued in response to the changing environment pertaining to the delivery of financial services and the broad policy changes being made by federal regulatory authorities. The policies will provide the opportunity for a credit union to diversify its field of membership thereby making credit union services available to more individuals in the state and also providing more insulation from adverse economic developments such as a plant closing which would affect a majority of the credit union's membership.

Mergers and Dissolutions

Credit union mergers in 1983 declined from 1982 largely because of the improving economic conditions and a reduction in the cost of funds. Thirty-two credit unions (including 17 federally-chartered) merged into other credit unions during 1983. Although the extended recession affected the stability of some credit union fields of membership and necessitated certain mergers in 1983, consolidation to improve services to members was the reason for the majority of the mergers. All of the credit unions merged had NCUA insurance of accounts. Additionally, NCUA guarantees protected continuing credit unions against possible losses resulting from mergers involving problem credit unions.

When merger is not a viable alternative for a serious problem credit union, the credit union is usually liquidated. It was not necessary to place any credit unions into involuntary dissolution in 1983, nor did any credit union elect to voluntarily dissolve.

Problem Institutions

As of December 31, 1982, the division instituted guidelines and procedures for the uniform evaluation and rating of credit unions. The rating system is based upon an evaluation of five crucial factors of a credit union's operations that reflect, in a comprehensive fashion, the credit union's financial condition, compliance with regulations and statutes, and overall operating soundness. The specific factors that are evaluated are Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity (CAMEL). Each of these factors is rated on a scale of one through five with the lower the number the higher the rating. Thus, "1" indicates strong performance and "5", the lowest rating, indicates performance is critically deficient and in need of immediate remedial attention. From the ratings of these five factors, a composite or overall rating is derived. Code 1 is Excellent; no major areas of concern. Code 2 is Good; some minor problems but deficiencies are not material. Code 3 is Fair; problem(s) exist, further attention is necessary, but probability of failure is remote. Code 4 is Weak; critical problems exist that could result in liquidation. Code 5 is Unsatisfactory; critical problems exist, failure is probable within twelve months.

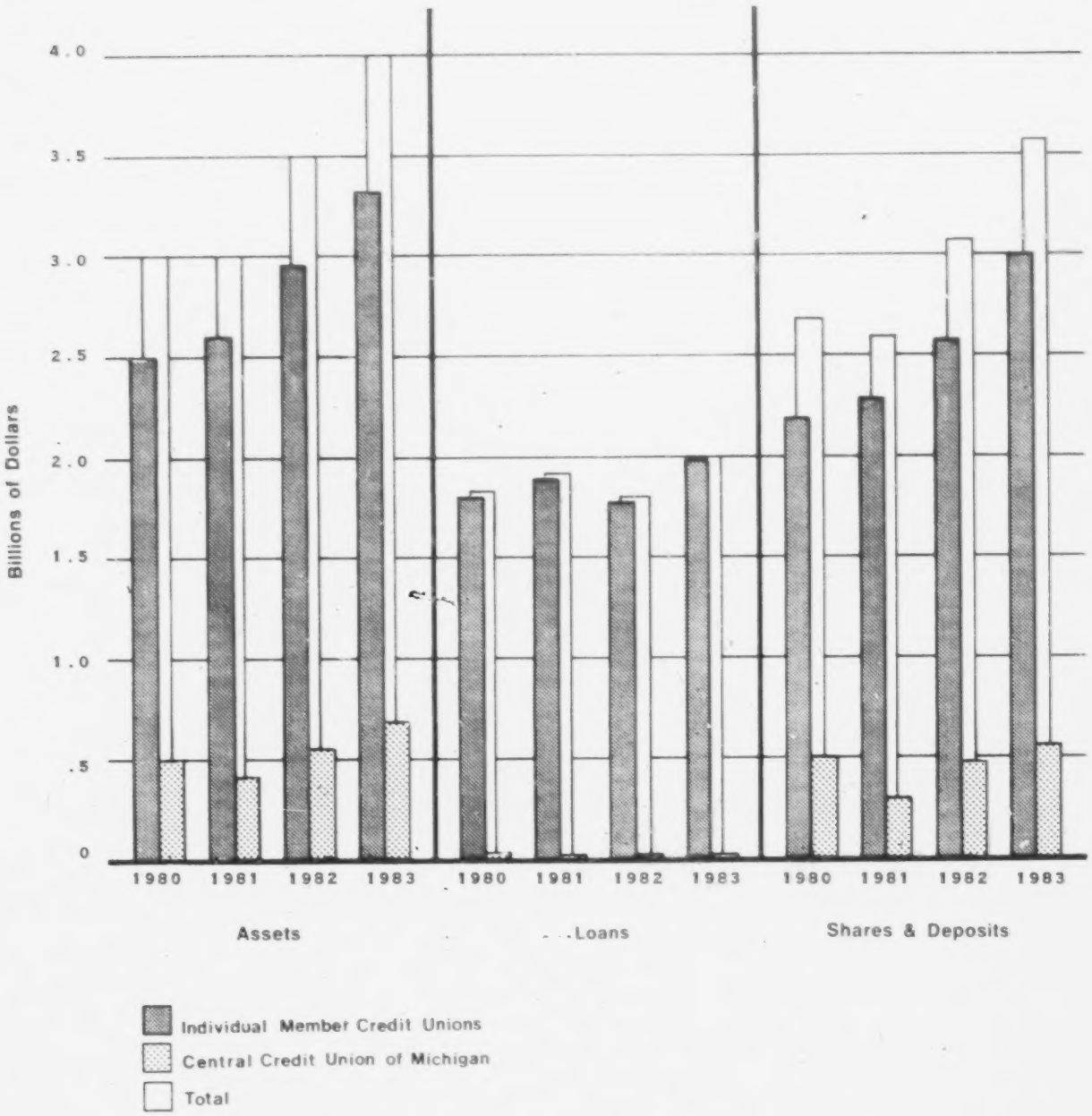
At the conclusion of each examination, the examiner-in-charge discusses the composite rating, including specific ratings, with management and/or the Board of Directors. At this same time, the examiner will cause a plan of action to be formulated to correct any weak or deficient areas found at the time of the examination.

Problem institutions decreased significantly in 1983. This reverses the trend of recent years whereby the number of problem institutions had been increasing at a steady rate. Problem institutions totaled 99 at year-end 1983 compared to 136 at year-end 1982, a reduction of 37%. Problem credit unions represent 19% of the total credit unions compared to 26% at year-end 1982. Management weaknesses, earnings problems (mainly from lower rate of return on investments), and loan losses were the major reasons for credit unions being listed as problems. The table below provides information pertaining to problem credit unions over the last five years.

	Total Credit Unions Supervised	Problems Removed	Problems Identified	Current Problems
1979	584	10	14	58
1980	572	15	37	80
1981	560	15	78	143
1982	531	24	17	136*
1983	516	47	10	99

*Figures reflect implementation of CAMEL rating system; code 3, 4 and 5 credit unions

COMPARATIVE CHART OF ASSETS, LOANS AND SHARES OF STATE CREDIT UNIONS IN MICHIGAN



CONSOLIDATED BALANCE SHEET OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

(000's Omitted)

	530 Credit Unions December 31, 1982	515 Credit Unions December 31, 1983	Percent Increase (Decrease)
ASSETS			
Loans			
Personal loans	$1,762,120	$1,864,158*	5.8%
Loans to officials	21,438	22,643	5.6
Real estate loans	50,247	64,803	29.0
Investments			
U.S. Government obligations and Federal agency securities	123,279	180,127	46.1
Corporate central credit unions	379,361	466,574	23.0
Other credit unions	3,664	6,416	75.1
Commercial banks	327,453	355,314	8.5
Savings and loan associations and savings banks	44,741	63,146	41.1
Other investments	35,871	95,980	167.6
Cash and funds due from banks	70,913	80,181	13.1
Net fixed assets	78,045	81,492	4.4
Other assets	34,606	28,389	(18.0)
Total Assets	$2,931,733	$3,309,223	12.9
LIABILITIES AND EQUITY			
Liabilities			
Notes payable	$ 22,202	$ 29,478	32.8%
Other liabilities	67,710	68,631	1.4
Savings			
Share and deposit certificates	425,170	231,183	(45.6)
Share and deposit drafts	155,262	212,064	36.6
IRA/Keogh and retirement accounts	50,900	148,604	192.0
Regular shares, deposits, other	1,995,319	2,393,650	20.0
Equity			
Regular/statutory reserves	110,905	115,120	3.8
Investment valuation reserve	5,267	5,217	(0.9)
Other reserves	34,880	41,385	18.6
Undivided earnings	64,118	63,891	(0.4)
Total Liabilities and Equity	$2,931,733	$3,309,223	12.9

*Loans stated net of "allowance for loan losses" ($1,723,250.)

CONSOLIDATED STATEMENT OF OPERATIONS OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

(000's Omitted)

	1982	1983	Percent Increase (Decrease)
Operating income			
Interest on loans	$256,158	$265,378	3.6%
Less: Interest refunds	(4,798)	(5,618)	17.1
Income from investments	90,525	102,048	12.7
Other operating income	4,959	6,798	37.1
Gross Income	346,844	368,606	6.3
Cost of funds			
Dividends	109,882	141,300	28.6
Interest on deposits	82,919	60,972	(26.5)
Interest on borrowings	2,636	2,796	6.1
Total Interest/Dividend Expense	195,437	205,068	4.9
Gross Earnings	151,407	163,538	8.0
Operating expense			
Employee compensation	44,919	48,006	6.9
Employee benefits	9,968	11,085	11.2
Cost of space	8,126	8,811	8.4
Office operations expense	18,721	21,830	16.6
Professional and outside services	8,465	9,714	14.8
Examination and supervision fees	850	1,157	36.1
Other operating expense	24,830	27,524	10.8
Total Operating Expense	115,879	128,127	10.6
Net Operating Income	35,528	35,411	(0.3)
Non-operating gains or losses (net)	(58)	253	(536.2)
Net Earnings	35,470	35,664	0.5
Required reserve allocation	18,405	18,999	3.2
Retained Earnings	$ 17,065	$ 16,665	(2.3)

CENTRAL CREDIT UNION OF MICHIGAN
Southfield, Michigan

(000's Omitted)

BALANCE SHEET

	December 31, 1982	December 31, 1983
ASSETS		
Loans		
Credit union loans	$ 3,581	$ 6,965
Other loans	12,109	9,994
Investments		
U.S. Government obligations and Federal agency securities	74,690	72,669
U.S. Central Credit Union	443,307	554,496
Other investments	6,596	4,442
Cash and funds due from banks	1,935	6,348
Net fixed assets	39	92
Other assets	8,814	5,773
Total Assets	$551,071	$660,779
LIABILITIES AND EQUITY		
Liabilities		
Notes payable	$ 53,330	$ 51,153
Other liabilities	6,986	11,946
Savings		
Certificates	265,249	192,961
Daily shares	144,548	324,818
Corporate shares	18,912	5,351
Capital shares	55,554	65,454
Special deposits	748	668
Equity		
Regular/statutory reserve	908	908
Special reserve	4,343	6,997
Other reserves	513	513
Undivided earnings	10	10
Total Liabilities and Equity	$551,071	$660,779

STATEMENT OF OPERATIONS

	1982	1983
Operating income		
Interest on credit union loans	$ 477	$ 241
Interest on other loans	1,213	1,093
Income from investments	56,836	57,756
Other operating income	15	0
Gross Income	58,541	59,090
Cost of funds		
Dividends-member accounts	46,856	50,878
Interest on borrowings	8,113	4,636
Other interest expense	73	64
Total Interest/Dividend Expense	55,042	55,578
Gross Earnings	3,499	3,512
Operating expense		
Employee compensation	314	323
Employee benefits	90	88
Cost of space	25	28
Office operations expense	229	246
Professional and outside services	168	139
Examination and supervision fees	59	41
Other operating expense	56	68
Total Operating Expense	941	933
Net Operating Income	2,558	2,579
Non-operating gains or losses (net)	563	75
Retained Earnings	$ 3,121	$ 2,654

SIGNIFICANT FINANCIAL RATIOS OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

KEY OPERATING RATIOS	1979	1980	1981	1982	1983
Loan reserves/total loans	5.55%	6.17%	6.02%	6.05%	5.98%
Delinquent loans/total loans	3.37	4.46	4.11	3.71	2.75
Delinquent loans/loan reserves	60.67	72.27	68.23	61.29	45.95
Salary and benefits/income	16.16	16.60	15.92	15.83	16.02
Operating expense/income	35.26	35.69	33.69	33.42	34.74
Operating expense/total assets	3.73	3.84	4.15	3.95	3.87
Equity*/total assets	6.36	5.89	6.38	5.35	6.13
Total loans/total assets	83.17	70.89	71.02	62.55	59.03
Total investments/total assets	13.17	25.32	25.24	33.61	37.70
Fixed assets/total assets	2.67	2.42	2.64	2.66	2.46
Total loans/total savings	96.71	80.48	80.33	69.82	65.43
Total borrowings/total savings	5.05	2.65	1.89	0.85	0.99
Average return on investments (Income on investments/average investments outstanding)	8.36	9.65	11.74	11.04	8.55
Average cost of savings (Interest & dividends/average total savings)	6.21	6.86	7.67	7.84	7.05
Average cost of borrowed money (Interest on borrowings/average borrowings outstanding)	8.55	8.48	9.68	8.05	10.63
Average gross return on loans (Gross income on loans/average loans)	11.62	12.07	13.81	13.94	14.14
Average net return on loans (after interest refund) (Net income on loans/average loans)	11.36	11.85	13.22	13.67	13.84

*Represents all reserves and unallocated earnings (exclusive of investment valuation reserves) less 50% of loans delinquent 6 to less than 12 months and 75% of loans delinquent 12 months and over.

DISTRIBUTION OF GROSS INCOME					
Interest refund to borrowers	2.02%	1.48%	1.11%	1.37%	1.50%
Operating expense	34.54	35.16	33.32	32.96	34.22
Interest on borrowings	4.35	2.49	1.53	0.75	0.75
Interest and dividend cost	48.20	53.04	53.57	54.83	54.01
Reserves	7.39	5.85	5.71	5.24	5.07
Retained earnings	3.50	1.98	4.76	4.85	4.45
Total	100.00%	100.00%	100.00%	100.00%	100.00%

EARNINGS ANALYSIS					
Gross return on assets (Gross income after interest refund/average assets)	10.73%	11.10%	12.49%	12.55%	11.60%
Less: Cost of funds	5.75	6.26	6.96	7.07	6.45
Equals: Gross spread	4.98	4.84	5.53	5.48	5.15
Less: Operating expenses	3.78	3.96	4.21	4.19	4.03
Required reserve transfers	.81	.66	.72	.67	.60
Equals: Net return on assets (Margin) (Net income/average assets)	.39	.22	.60	.62	.52

CLASSIFICATION OF STATE CREDIT UNIONS BY ASSET SIZE

(Excludes Central Credit Union of Michigan)

December 31, 1983

	Number of Credit Unions	Percentage In Group	Total Assets (000's Omitted)	Percentage In Group
$0 to $250,000	38	7.38%	$ 5,620	.17%
$250,000 to $500,000	60	11.65	21,061	.64
$500,000 to $1,000,000	77	14.95	56,599	1.71
$1,000,000 to $2,000,000	83	16.12	116,276	3.51
$2,000,000 to $5,000,000	97	18.83	309,042	9.34
$5,000,000 to $10,000,000	71	13.79	509,506	15.40
$10,000,000 to $50,000,000	77	14.95	1,372,393	41.47
Over $50,000,000	12	2.33	918,726	27.76
Total	515	100.00%	$3,309,223	100.00%

STATISTICAL DATA OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

	1979	1980	1981	1982	1983
Number of credit unions	583	571	559	530	515
Number of service centers	185	215	258	267	270
Number of credit union members	1,631,809	1,664,065	1,721,655	1,731,047	1,714,766
*Total assets	$2,361,201	$2,519,441	$2,594,481	$2,931,733	$3,309,223
*Total loans outstanding	$1,963,821	$1,785,952	$1,842,651	$1,833,800	$1,951,603
*Total savings (shares and deposits)	$2,080,541	$2,219,055	$2,293,721	$2,626,651	$2,985,502
Number of loans made during year	885,017	784,807	858,120	855,260	942,597
*Amount of loans made during year	$1,365,024	$1,096,085	$1,259,832	$1,219,008	$1,444,954
*Amount of loans over two months past due at year end	$ 66,160	$ 79,591	$ 75,641	$ 67,977	$ 53,690
*Net charges to loan reserves	$ 10,375	$ 13,984	$ 17,046	$ 16,304	$ 11,551

*(000's omitted in dollar amounts)

CORPORATE CHANGES AND RELATED INFORMATION

	1979	1980	1981	1982	1983
Number of state credit unions	584	572	560	531	516
Number of federal credit unions	345	331	309	292	278
Number of state credit unions chartered	0	3	1	0	0
Number of federal credit unions chartered	4	1	1	1	3
Number of state credit unions closed - voluntary dissolution	0	0	0	1	0
Number of federal credit unions closed - voluntary dissolution	0	1	0	0	0
Number of state credit unions closed - involuntary dissolution	0	0	3	2	0
Number of federal credit unions closed - involuntary dissolution	3	4	1	3*	0
Number of state credit unions merged into state credit unions	10	14	8	22	7
Number of federal credit unions merged into federal credit unions	4	0	6	6	11
Number of state credit unions merged into federal credit unions	3	3	3	4	8
Number of federal credit unions merged into state credit unions	3	13	16	9	6
Number of state credit unions converted to federal charter	2	1	0	0	0
Number of federal credit unions converted to state charter	1	3	1	0	0

*Agreements were negotiated in the liquidation of these three credit unions whereby credit union assets were purchased and liabilities (including members shares) were absorbed by another credit union. Two absorbing credit unions were federal and one was state.

CREDIT UNIONS MERGED
UNDER PROVISIONS OF SECTION 4(s) AND 20a OF ACT 285, P.A. 1925, AS AMENDED

Date of Merger Approval	Name of Credit Union	City
Feb. 2, 83	Clark C.M.D. Credit Union Merged into Clark Federal Credit Union, Buchanan	Benton Harbor
Dec. 7, 83	Burroughs Employees Credit Union Merged into Burroughs Employees Federal Credit Union, Warren, New Jersey	Detroit
Aug. 29, 83	St. Andrew Community Credit Union Merged into Polish American Congress of Michigan Federal Credit Union, Hamtramck	Detroit
July 25, 83	Detroit Ethyl Credit Union Merged into Royal Oak Schools Credit Union, Royal Oak	Ferndale
April 15, 83	General Drivers Credit Union Merged into Flint Service Federal Credit Union, Flint	Flint
April 29, 83	G. T. Employees Credit Union Merged into Grand Trunk (Battle Creek) Employees Federal Credit Union, Battle Creek	Grand Rapids
Feb. 14, 83	Wheeler Van Employees Credit Union Merged into Allied Printing Trades Credit Union, Wyoming	Grand Rapids
Jan. 18, 83	Barry Public Employees Credit Union Merged into Thornapple Valley Community Credit Union, Hastings	Hastings
Dec. 16, 83	Lansing Diesinkers Credit Union Merged into Lansing Community Credit Union, Lansing	Lansing
Oct. 11, 83	Lake Superior and Ishpeming Railroad Employees Credit Union Merged into Marquette First Federal Credit Union, Marquette	Marquette
Jan. 18, 83	A.S.C. Plymouth Division Employees Credit Union Merged into Community Federal Credit Union, Plymouth	Plymouth
Dec. 22, 83	Saginaw Electrical Workers Credit Union Merged into Education Employees Credit Union of Saginaw, Saginaw	Saginaw

CREDIT UNIONS MERGED - Cont.

Date of Merger Approval	Name of Credit Union	City
Feb. 24, 83	Sturgis Community Credit Union Merged into Auto Workers Credit Union, Kalamazoo	Sturgis
June 8, 83	Kent County Labor Council Credit Union Merged into Stampers Federal Credit Union, Wyoming	Wyoming
July 25, 83	Oliver Employees Credit Union Merged into Allied Printing Trades Credit Union, Wyoming	Wyoming

CHANGES IN CORPORATE TITLE

Date of Change	From	To	City
Dec. 13, 83	Clark B. C. Employees Credit Union	Clark-Ralston Area Credit Union	Battle Creek
Feb. 1, 83	Catholic Family Credit Union	Family Community Credit Union	Burton
Aug. 19, 83	Lakeland Tri-Parish Credit Union	Lakeland Catholic Credit Union	Drayton Plains
July 25, 83	Bell Tel Employees Credit Union	Bell Com Credit Union	Grand Rapids
Jan. 26, 83	Rapistan Members Credit Union	Oak Industrial Park Credit Union	Grand Rapids
May 2, 83	Holland G. E. Employees Credit Union	Holland General Electric Employees Credit Union	Holland
Aug. 2, 83	Lansing Telephone Employees Credit Union	Communication Services Credit Union	Lansing
Nov. 3, 83	KEMBA Detroit Credit Union	KEMBA Michigan Credit Union	Livonia
July 1, 83	SOC School Employees Credit Union	SOC Credit Union	Madison Heights
June 2, 83	Marshall Industrial Credit Union	Marshall Community Credit Union	Marshall
May 2, 83	Down River Catholic Credit Union	Downriver Catholic Credit Union	Melvindale
Mar. 28, 83	Isabella Employees Credit Union	Isabella Community Credit Union	Mt. Pleasant
July 25, 83	M.P.R. Sparta Employees Credit Union	Rogue River Community Credit Union	Sparta
Oct. 24, 83	West Shore Catholic Credit Union	West Grand River Community Credit Union	Spring Lake

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1983

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Ada	AMWAY Employees Credit Union	$ 5,109	$ 4,090	$ 4,664
Adrian	Kemco Credit Union	709	418	629
Adrian	Lenco Ed Credit Union	4,397	2,321	4,143
Adrian	Lenawee County Community Credit Union	2,549	1,370	2,405
Albion	AMICO Credit Union	524	342	430
Allegan	Allegan County Catholic Credit Union	1,144	1,051	1,072
Allegan	Allegan Teachers Credit Union	427	309	350
Allen Park	Allen Park Presbyterian Credit Union	100	52	85
Allen Park	Allen Park VA Credit Union	1,293	1,100	1,199
Allen Park	Cabrini Credit Union	18,272	7,352	16,682
Alma	Gratiot Community Credit Union	2,860	2,317	2,678
Alpena	Abitibi Employees Credit Union	3,188	2,248	2,866
Alpena	Alpena-Alcona Governmental Employees Credit Union	12,185	6,361	11,623
Alpena	Alpena Catholic Credit Union	684	543	658
Alpena	Alpena County Medical Credit Union	2,317	1,343	2,159
Alpena	Besser Credit Union	8,812	6,309	8,338
Alpena	H.P.C. Credit Union	13,055	8,365	11,517
Alpena	Stoneport Employees Credit Union	1,066	901	953
Alpena	Tri-Co Credit Union	446	364	413
Ann Arbor	Hospital and Health Services Credit Union	25,268	13,402	23,450
Ann Arbor	Huron River Area Credit Union	17,140	9,348	15,731
Ann Arbor	I. D. C. Credit Union	2,781	1,906	2,578
Ann Arbor	University of Michigan Credit Union	26,116	15,114	25,048
Athens	Simpson Lee Employees Credit Union	511	498	418
Au Gres	Northeastern Community Credit Union	534	277	434
Bangor	Du-Wel Employees Credit Union	213	124	183
Battle Creek	Battle Creek Building Trades Credit Union	1,385	967	1,179
Battle Creek	Battle Creek Postal Credit Union	1,018	823	900
Battle Creek	Battle Creek Ralston Purina Employees Credit Union	1,349	1,173	1,185
Battle Creek	Clark-Ralston Area Credit Union	21,194	7,384	18,690
Battle Creek	Enquirer and News Employees Credit Union	810	409	666
Battle Creek	Gasco Credit Union	277	259	229
Battle Creek	H. B. Sherman Employees' Credit Union	384	304	339
Battle Creek	Health Care Employees Credit Union of Calhoun County	980	787	906
Battle Creek	Post Employees Credit Union	17,848	9,930	15,896
Battle Creek	School Employees Credit Union	12,905	8,632	11,999
Battle Creek	St. Regis Employee's Credit Union	2,955	1,710	2,759
Battle Creek	Weston Biscuit Employees Credit Union	209	170	164
Bay City	Bay City Electrical Workers Credit Union	1,324	551	1,228
Bay City	Bay City Times Credit Union	360	302	301
Bay City	Bay County Area Credit Union	3,086	2,039	3,015
Bay City	Bay Governmental Credit Union	5,316	3,588	4,759
Bay City	Bay Medical Credit Union	2,139	1,498	1,911
Bay City	COPOCO Credit Union	7,842	4,404	7,375
Bay City	Industrial Business Credit Union	2,287	1,631	2,128
Bay City	RWC Employees Credit Union	1,551	945	1,299
Bay City	School Employees Credit Union	14,995	8,664	13,461
Bay City	United Bay City Credit Union	21,046	11,141	19,476
Belding	UAW-CIO Local 4 Credit Union	503	464	346
Benton Harbor	Berrien Federal Employees Credit Union	310	173	253
Benton Harbor	Gast Employees Credit Union	1,482	893	1,120
Berkley	Berkley LaSalette Community Credit Union	7,705	4,275	7,367
Berkley	Knights of Pythias-Detroit Lodge 55 Credit Union	85	33	70
Big Rapids	Hanchett Employees Credit Union	375	225	317
Birmingham	Birmingham Teachers Credit Union	8,352	4,328	7,036
Blissfield	St. Peters Parish Credit Union	201	131	163
Bloomfield Hills	Bloomfield Hills School Employees Credit Union	2,748	1,408	2,368
Bridgeport	United Saginaw Credit Union	6,119	3,764	5,714
Bruce Crossing	Settlers' Co-operative Credit Union	1,214	716	1,138
Buchanan	Buchanan Farmers Credit Union	8,817	3,633	7,101
Burton	Family Community Credit Union	10,484	5,981	10,067
Cadillac	Northwestern Public Employees Credit Union	4,240	3,116	3,876
Cadillac	Wexford Community Credit Union	6,809	4,552	6,016
Cass City	Walbro Employees Credit Union	202	191	181
Cedarville	Port Dolomite Credit Union	832	406	758
Center Line	Father Kramer Credit Union	4,872	2,696	4,397
Center Line	Tri-County Veterans Credit Union	584	389	410
Center Line	Warren Schools Credit Union	32,370	15,016	29,833
Charlevoix	ACE Credit Union	94	87	76

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Charlotte	Aluminum Credit Union	$ 580	$ 556	$ 479
Charlotte	Eaton County Educational Employees Credit Union	6,072	2,652	5,270
Chesaning	Christopher Credit Union	595	336	460
Clarkston	Clarkston Community School Employees Credit Union	3,387	2,260	2,535
Clawson	CSE Credit Union	11,671	6,818	10,252
Clawson	Oakland Catholic Credit Union	16,485	8,883	15,476
Clawson	Royal Oak Postal Employees Credit Union	720	555	564
Coldwater	Coldwater Area Credit Union	1,885	1,420	1,763
Comstock Park	G R Building Trades Credit Union	5,733	2,710	5,335
Corunna	Shiawassee County Teachers Credit Union	6,445	3,529	6,081
Croswell	Croswell Pickle Co. Employees Credit Union	316	193	265
Croswell	Sanilac County Teachers Credit Union	805	772	707
Croswell	St. Patrick (Croswell) Credit Union	361	305	239
Dearborn	ACM Employees Credit Union	18,107	7,085	16,604
Dearborn	Co-op Services Credit Union	52,931	34,914	47,989
Dearborn	Dairymen's Credit Union	11,879	5,185	6,535
Dearborn	Dearborn Catholic Credit Union	2,710	991	2,563
Dearborn	Dearborn Municipal Employees Credit Union, The	2,875	1,222	2,709
Dearborn	Dearborn Postal Employees Credit Union	894	670	852
Dearborn	Dearborn Schools Credit Union	24,537	9,085	21,811
Dearborn	Lathers Credit Union	291	212	246
Dearborn	Pere Marquette Employes' Credit Union	17,004	10,107	15,326
Dearborn	Rouge Employees Credit Union	13,994	11,495	12,038
Dearborn Heights	Dearborn Heights Employees Credit Union	306	211	276
Dearborn Heights	St. Linus Credit Union	1,836	1,094	1,500
Detroit	American Credit Union	3,007	2,400	2,292
Detroit	AMEZ United Credit Union	191	96	162
Detroit	Associated Brewery Workers Credit Union of Greater Detroit, The	9,534	7,731	8,495
Detroit	Bakery Drivers, Salesmen, Local No. 51 Credit Union	1,172	983	944
Detroit	Bethel Baptist Church East Credit Union	159	68	141
Detroit	Blue Cross-Blue Shield Employees Credit Union	2,615	2,433	2,386
Detroit	Borman Credit Union	10,224	7,708	9,170
Detroit	Bus Transportation Credit Union	8,762	4,682	6,674
Detroit	Champion Employees Credit Union	2,658	1,325	2,178
Detroit	Communicating Arts Credit Union	10,578	7,326	9,127
Detroit	Contrak Credit Union	3,096	1,543	2,770
Detroit	Craftsman Credit Union	26,873	9,769	22,296
Detroit	Daha Detroit Employees Credit Union	359	246	306
Detroit	Designing Engineers Credit Union	12,834	6,828	11,352
Detroit	Detroit Edison Employes Credit Union, The	86,016	52,580	76,295
Detroit	Detroit Methodist Conference Credit Union	2,745	1,369	2,583
Detroit	Detroit Municipal Credit Union	92,287	44,525	85,988
Detroit	Detroit New Calvary Baptist Church Credit Union	823	468	708
Detroit	Detroit Postal Employees Credit Union, The	36,544	15,300	31,953
Detroit	Detroit Teachers Credit Union	109,396	63,231	100,184
Detroit	Ebenezer A.M.E. Church Credit Union	351	286	294
Detroit	Electrical Workers Local 58 Credit Union	1,527	917	1,443
Detroit	E. W. Daniel Episcopal Credit Union	68	8	57
Detroit	Fannie B. Peck Credit Union of Bethel A.M.E. Church	233	20	203
Detroit	F.R.B. Employees Credit Union	746	713	664
Detroit	Gasco Employees Credit Union	18,862	12,614	16,886
Detroit	Grace Church Credit Union	20	10	16
Detroit	Grand Trunk Shoreline Employee's Credit Union	1,602	1,450	1,515
Detroit	Greater Christ Baptist Church Credit Union	513	267	480
Detroit	Greater New Mt. Moriah Baptist Church Credit Union	91	67	78
Detroit	Holy Cross Council Credit Union	547	371	448
Detroit	I. M. Detroit District Credit Union	424	30	322
Detroit	Immaculate Heart of Mary Parish Credit Union	1,667	1,458	1,422
Detroit	Iron Workers Local 25 Credit Union	1,703	1,171	1,378
Detroit	J. L. Hudson Employees Credit Union	40,916	22,387	37,172
Detroit	Jos. Campau Avenue Church of God Credit Union	35	34	32
Detroit	Local 17 IBEW Credit Union	984	536	867
Detroit	M.E.S. Credit Union	5,584	4,406	4,654
Detroit	Metropolitan Church of God Credit Union	30	14	26
Detroit	Motor City Co-op Credit Union	19,844	16,242	18,141
Detroit	Mount Carmel Mercy Credit Union	2,581	2,285	2,298
Detroit	Northeast Catholic Credit Union	12,110	9,294	11,208
Detroit	Northwest Parish Credit Union	969	929	865
Detroit	Peoples Community Church Credit Union	549	504	483
Detroit	Precision Spring Credit Union	257	144	200
Detroit	Prince Hall Credit Union	170	26	123
Detroit	St. Bartholomew Parish Credit Union	980	455	846
Detroit	St. Brendan's Parish Credit Union	1,927	1,304	1,778

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Detroit	St. Gabriel Parish Credit Union	$ 1,474	$ 704	$ 1,245
Detroit	St. Gemma Parish Credit Union	287	178	239
Detroit	St. Hilary-Credit Union	1,641	850	1,256
Detroit	St. John Presbyterian Church Credit Union	223	175	190
Detroit	Saint Peter and Paul Orthodox Credit Union, The	313	247	272
Detroit	Scott Methodist Credit Union	122	17	104
Detroit	Service Employees Credit Union	847	823	736
Detroit	Servitor Credit Union	4,708	3,981	3,293
Detroit	Sinai Hospital of Detroit Credit Union	3,164	1,709	2,875
Detroit	Teamsters Credit Union	8,909	5,779	8,284
Detroit	Trailer Credit Union	2,493	1,957	2,260
Detroit	Unity Credit Union	15,558	8,787	14,489
Detroit	Vernon Chapel Credit Union	147	119	113
Detroit	Warrendale Community Credit Union	3,877	2,833	3,519
Detroit	Wayne County Credit Union	28,431	19,268	25,833
Dowagiac	Cass County School and Governmental Employees Credit Union	469	460	393
Drayton Plains	Lakeland Catholic Credit Union	1,336	826	1,040
Drummond Island	DeTour Drummond Community Credit Union	917	539	727
East Detroit	City of East Detroit Employees Credit Union	1,236	607	1,140
East Detroit	East Detroit School Employees Credit Union	2,577	1,598	2,298
East Detroit	Lutheran Credit Union of Greater Detroit	513	426	467
Eaton Rapids	Wesley Credit Union	2,086	1,660	1,800
Ecorse	Ecorse Municipal Employees Credit Union	352	274	283
Edmore	Hitachi Employees Credit Union	1,316	1,144	954
Edmore	Montcalm Public Employees Credit Union	913	847	808
Elkton	West Huron Community Credit Union	593	433	523
Escanaba	Bay de Noc State Employees Credit Union	5,781	3,145	5,287
Escanaba	Delta County Credit Union	17,211	5,382	16,681
Escanaba	Delta County Printing Trades Credit Union	113	64	104
Escanaba	Delta County Teachers' Credit Union, The	1,182	1,119	1,098
Essexville	Essexville Columbus Credit Union	201	149	174
Farmington	Suburban Catholic Credit Union	10,079	6,666	9,025
Farmington Hills	St. Fabian's Credit Union	133	101	103
Ferndale	Ferndale Co-op Credit Union	73,905	43,445	70,114
Ferndale	Pattern Makers Credit Union	2,359	1,391	2,222
Filer City	Filer City Mill Employees Credit Union	4,731	1,968	3,927
Flint	El-Go Credit Union	9,296	5,488	8,485
Flint	Flint Area School Employees Credit Union	44,885	20,443	40,070
Flint	Flint Federal Employees Credit Union	5,909	3,329	5,299
Flint	Flint Municipal Credit Union	7,637	6,093	6,687
Flint	Genesee County Employees Credit Union	1,597	1,156	1,323
Flint	Grand Blanc Auto Workers Credit Union	8,249	4,334	5,948
Flint	McDonald Dairy Employees Credit Union	1,025	700	907
Flint	N.A.A.C.P. Credit Union	206	129	221
Flint	North Flint Catholic Credit Union	5,599	4,384	5,128
Flint	Retail Store Employees Credit Union	2,790	2,412	2,502
Frankenmuth	Frankenmuth Credit Union	4,543	2,573	4,260
Frankenmuth	Universal Employees' Credit Union	1,194	361	966
Fraser	Cross Company Employees' Credit Union, The	568	503	482
Fraser	Macomb Schools and Government Credit Union	58,593	28,023	55,577
Freeland	Tri-County Building Trades Credit Union	1,283	652	1,175
Fremont	Brunswick Credit Union	242	157	200
Fremont	Newaygo County School Employees Credit Union	1,057	822	862
Garden City	Garden City Community Credit Union	1,159	575	1,092
Grand Haven	Bastian-Blessing Employees Credit Union	1,307	938	1,235
Grand Haven	North Ottawa Credit Union	392	326	340
Grand Haven	Ottawa County School Employees Credit Union	6,850	4,277	6,220
Grand Haven	Story & Clark Employees Credit Union	325	318	245
Grand Haven	Tri-Cities Industrial Credit Union	2,248	1,463	2,152
Grand Rapids	A A C Credit Union	6,847	3,470	6,129
Grand Rapids	Alofs Employees Credit Union	391	369	293
Grand Rapids	AMI Employees' Credit Union	1,311	1,133	1,080
Grand Rapids	Aquinas College Credit Union	2,157	1,511	1,715
Grand Rapids	A. T. L. Employees Credit Union	6,541	2,974	5,687
Grand Rapids	Bell Com Credit Union	21,964	13,679	20,275
Grand Rapids	Bissell Employees Credit Union	2,115	1,473	1,932
Grand Rapids	Blackmer Pump Credit Union	586	406	532
Grand Rapids	Blessed Sacrament Parish Credit Union	590	463	527
Grand Rapids	Blodgett Memorial Medical Center Credit Union	3,148	1,840	3,007
Grand Rapids	Food Marketers Credit Union	4,805	3,304	4,332
Grand Rapids	Grand Rapids Federal Employees Credit Union	13,656	8,087	12,332
Grand Rapids	Grand Rapids Municipal Employees' Credit Union	7,709	4,176	7,212
Grand Rapids	Grand Rapids Teachers Credit Union	58,089	30,026	57,030
Grand Rapids	Grand Valley Co-op Credit Union	18,528	11,620	17,662

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Grand Rapids	GRDT Employees Credit Union	$ 2,042	$ 1,495	$ 1,957
Grand Rapids	Guardsman Employees Credit Union	667	502	630
Grand Rapids	Health Care Credit Union	4,289	3,573	4,100
Grand Rapids	John Widdicomb Co. Employees Credit Union, The	287	256	267
Grand Rapids	Keeler Brass Employees Credit Union	1,349	847	1,275
Grand Rapids	Kent County Employees Credit Union	4,494	2,352	3,976
Grand Rapids	K-V Employees Credit Union	724	651	594
Grand Rapids	Latvian Credit Union	2,157	673	1,950
Grand Rapids	L S I Credit Union	18,379	13,159	14,063
Grand Rapids	Meijer Employees Credit Union	12,711	9,838	11,751
Grand Rapids	MPS Employees Credit Union	774	376	648
Grand Rapids	North Kent Catholic Credit Union	842	593	716
Grand Rapids	Oak Industrial Park Credit Union	4,474	2,450	3,448
Grand Rapids	Saint Mary's Hospital Credit Union	3,072	2,292	2,921
Grand Rapids	Saint Matthew's Credit Union	14,260	8,395	13,486
Grand Rapids	Western Districts Employees Credit Union	6,229	3,094	3,522
Grand Rapids	West Michigan State Employees Credit Union	10,343	8,756	9,070
Grandville	AlloyTek Employees Credit Union	1,050	701	922
Grandville	Southwest Catholic Credit Union	1,913	543	846
Grandville	Transit Employees Credit Union	189	167	168
Greenville	Ranney Refrigerator Employees Credit Union	341	191	299
Grosse Pointe	Bon Secours - Cottage and Affiliates Credit Union	3,729	2,073	3,407
Hamtramck	Cardinal Mercier Credit Union	462	197	310
Hamtramck	St. Ladislaus Credit Union	724	441	622
Hart	Oceana School Employees Credit Union	341	293	300
Hastings	P-Ring Credit Union	990	818	853
Hastings	Thornapple Valley Community Credit Union	2,826	2,238	2,539
Highland Park	Highland Park School Employees Credit Union	1,603	1,370	1,506
Holland	Big Dutch Fleet Credit Union, The	1,983	1,354	1,731
Holland	Donnelly Mirrors Employees Credit Union	794	610	688
Holland	Holland Central Trades Credit Union	7,794	4,821	7,005
Holland	Holland General Electric Employees Credit Union	2,074	1,810	1,901
Holland	Holland Machine Employees Credit Union	401	333	316
Holland	Holland Municipal Employees Credit Union	2,001	1,676	1,816
Howell	C.H.C. Employees Credit Union	324	271	283
Howell	Citizens' Credit Union	1,788	1,588	1,469
Inkster	Western Wayne Catholic Credit Union	921	462	796
Ionia	Auto Body Workers Credit Union of Ionia	1,084	860	933
Ionia	Governmental Employees Credit Union	5,319	3,024	4,247
Iron River	Southwest Iron County Community Credit Union	2,230	1,380	2,128
Jackson	Aeroquip Employees Credit Union	4,139	3,599	3,838
Jackson	Catholic Community Credit Union	978	653	921
Jackson	Jackson City County Credit Union	3,428	2,056	3,112
Jackson	Jackson County Printing and Publishing Employees Credit Union	1,143	821	1,016
Jackson	Michigan Railroaders Credit Union	1,207	611	979
Jackson	School Employees Credit Union	11,979	6,598	11,076
Jackson	Sparton Employees' Credit Union	587	352	509
Jackson	Teer-Wickwire Employees Credit Union	186	157	155
Jackson	Tri-County State Employees Credit Union	8,277	7,244	7,618
Kalamazoo	APC Credit Union	4,591	3,328	4,631
Kalamazoo	Auto Workers Credit Union	12,548	8,569	11,472
Kalamazoo	Kalamazoo Building Trades Credit Union	1,582	1,006	1,419
Kalamazoo	Kalamazoo Gazette Employees Credit Union	1,041	709	901
Kalamazoo	Kalamazoo State Hospital Employees' Credit Union	4,108	2,063	3,766
Kalamazoo	KALSEE Credit Union	6,927	4,085	6,364
Kalamazoo	Northwest Industrial Credit Union	9,873	5,396	9,517
Kalamazoo	Papermakers Credit Union	2,462	1,763	2,374
Kalamazoo	School Employees Credit Union	23,813	16,453	22,366
Kalamazoo	Southwestern Michigan Utilities Employees Credit Union	3,263	2,343	2,852
Kalamazoo	Southwestern State Employees Credit Union	10,662	6,267	9,773
Lake Leelanau	Leelanau Catholic Credit Union	644	314	533
Lake Orion	Orion-Oxford Community Credit Union	1,036	785	893
Lansing	Auto Body Credit Union	40,321	25,600	37,029
Lansing	Auto-Owners Employees Credit Union, The	4,064	2,639	3,729
Lansing	Barbers Credit Union	450	285	395
Lansing	Capital Area School Employees Credit Union	23,498	13,819	20,861
Lansing	Communication Services Credit Union	4,668	4,011	4,137
Lansing	Consumers Power Credit Union	10,894	6,838	9,586
Lansing	Cooley Lawyers Credit Union	827	600	771
Lansing	Dairy Workers Credit Union	138	69	128
Lansing	Farm Bureau Employees Credit Union	2,373	1,912	2,201
Lansing	Federal Employees Credit Union	2,757	1,574	2,582
Lansing	Gabriels Catholic Credit Union	1,252	833	1,116
Lansing	Greater Lansing Labor Council Credit Union	941	837	755

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Lansing	Lansing Building Trades Credit Union	$ 1,033	$ 728	$ 968
Lansing	Lansing Catholic Credit Union	117	82	103
Lansing	Lansing Community Credit Union	10,638	7,344	8,921
Lansing	Lansing Postal Credit Union	6,881	4,357	6,243
Lansing	Medical Credit Union	5,287	3,154	4,920
Lansing	Motor Wheel Employees' Credit Union	15,869	8,073	14,570
Lansing	Poverello Credit Union	2,080	1,003	1,720
Lansing	Schmidt's Employees Credit Union	719	654	654
Lansing	State Employees Credit Union	90,258	53,871	86,340
Lansing	State Journal Employees Credit Union, The	1,180	716	976
Lapeer	Lapeer County Public Employees Credit Union	7,121	5,787	6,861
Lapeer	Lapeer County School Employees Credit Union	1,999	1,174	1,668
Lathrup Village	Southfield Tri-Parish Credit Union	1,291	910	1,199
Lawton	Welch Foods Inc. Credit Union	320	279	268
Lincoln Park	Good Shepherd Credit Union	11,167	5,838	10,435
Lincoln Park	Lincoln-Allen Credit Union	6,004	3,876	5,428
Livonia	C & S Employees Credit Union	6,764	6,224	4,931
Livonia	KEMBA Michigan Credit Union	10,093	5,591	8,587
Livonia	Livonia Community Credit Union	8,503	5,084	7,747
Livonia	Parkside Credit Union	12,216	8,024	10,974
Livonia	Saints Tri-Parish Credit Union	1,549	1,009	1,389
Livonia	Wayne Out County Teachers' Credit Union	53,852	27,490	44,087
Ludington	Dow Ludington Employees' Credit Union	7,132	4,111	6,539
Ludington	Jackson Vibrators Employees Credit Union	906	599	716
Ludington	Mason County School Employees Credit Union	1,677	1,016	1,515
Madison Heights	AFD Credit Union	5,367	4,469	5,013
Madison Heights	Madison Heights Municipal Employees Credit Union	339	282	310
Madison Heights	SOC Credit Union	35,827	26,091	32,507
Manistee	Manistee Catholic Central Credit Union	164	110	137
Manistee	Manistee County Teachers Credit Union	479	388	452
Manistee	Manistee Public Employees Credit Union	649	479	528
Manistee	Manistee Salt Employees Credit Union	1,426	803	1,245
Marlette	Thumb Credit Union	146	132	127
Marquette	Marquette Catholic Credit Union	14,599	5,006	12,550
Marquette	Steelworkers - Local 3111 Credit Union	117	86	97
Marshall	Marshall Community Credit Union	7,681	3,081	6,687
Marysville	Educational Associates Credit Union	11,880	7,573	11,079
Marysville	Marysville Business Employees Credit Union	1,078	946	997
Marysville	River-Bay Community Credit Union	377	220	353
Mason	Wyeth - Mason Credit Union	758	466	653
Melvindale	Downriver Catholic Credit Union	9,469	4,932	8,709
Melvindale	Melvindale Community Credit Union	1,929	1,386	1,782
Mendon	Plastic Workers Credit Union	469	379	398
Menominee	MECU Credit Union	825	332	763
Menominee	Menominee Area Credit Union	1,428	1,280	1,324
Menominee	Menominee Catholic Credit Union	381	155	347
Menominee	Menominee Local 328 Credit Union	512	397	432
Menominee	Menominee Paper Credit Union	3,029	1,234	2,718
Midland	Dow Chemical Employees' Credit Union	129,071	70,103	113,112
Midland	Midland County School Employees Credit Union	6,356	4,273	5,963
Midland	Midland Governmental Employees Credit Union	7,781	6,525	5,962
Milford	Huron Valley School Employees Credit Union	2,494	2,044	2,226
Monroe	Monroe County and Municipalities Employees Credit Union	959	886	800
Monroe	Monroe County Community Credit Union	11,979	5,839	11,103
Monroe	Monroe County Teachers Credit Union	7,066	6,159	6,056
Monroe	St. Michael's - Monroe Credit Union	321	186	254
Mt. Clemens	Joint Military Services Credit Union	30,021	24,894	28,669
Mt. Clemens	St. Joseph Hospital Employees Credit Union	2,528	1,810	2,256
Mt. Morris	Building Trades - AFL-CIO Credit Union	782	516	690
Mt. Morris	Mid Valley Credit Union	4,690	1,648	4,441
Mt. Pleasant	Isabella Community Credit Union	14,804	7,986	14,295
Munising	Munising Community Credit Union	5,520	3,151	5,020
Muskegon	Clarke Floor Machine Employees Credit Union	788	623	684
Muskegon	Father Marquette Credit Union	331	295	275
Muskegon	Gentelco Credit Union	8,161	5,348	7,102
Muskegon	Johnson Products Employees Credit Union	432	419	332
Muskegon	Muskegon Catholic Central Credit Union	1,319	944	1,164
Muskegon	Muskegon Central Trades Credit Union	1,265	1,085	1,176
Muskegon	Muskegon Consumers Power Employees Credit Union	1,301	1,088	1,108
Muskegon	Muskegon County School Employees Credit Union	7,851	4,550	6,963
Muskegon	Muskegon Piston Ring Employees Credit Union	1,820	1,261	1,511
Muskegon	Muskegon Printing Industrial Employees Credit Union	1,114	889	1,013
Muskegon	Muskegon Teachers Credit Union	1,123	1,074	935
Muskegon	Sealed Power Employees Credit Union	10,035	4,696	9,081

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Muskegon	TRI-VALLI Credit Union	$ 2,696	$ 2,363	$ 2,290
Newberry	East Central Upper Peninsula Employees Credit Union	1,858	1,937	1,571
Niles	S.-S. Credit Union	1,915	1,327	1,584
Niles	Simplicity - Berrien Graphic Arts Credit Union	1,911	1,925	1,642
Niles	Tyler Employees Credit Union	1,139	785	801
Norway	Norway Community Credit Union	1,691	1,337	1,465
Oak Park	Oak Park Municipal Employees' Credit Union	419	354	348
Oak Park	Our Lady of Fatima Credit Union	941	510	849
Oak Park	Sheetmetal Credit Union	2,881	2,045	2,210
Ontonagon	Lake Superior Credit Union	1,253	215	1,131
Orchard Lake	West Acres Credit Union	1,152	818	922
Oscoda	Iosco School Employees Credit Union	4,024	1,934	3,657
Ossineke	Shoreline Community Credit Union	2,221	1,001	2,023
Otsego	Mead - Otsego Employees Credit Union	938	771	817
Otsego	Otsego Falls Credit Union	199	115	167
Owosso	Centel Credit Union	4,212	2,237	3,638
Owosso	Midland-Ross Owosso Employees Credit Union	1,685	826	1,451
Owosso	Owosso Columbus Credit Union	1,250	923	1,014
Owosso	Shiawassee Credit Union	646	523	586
Paw Paw	Van Buren Governmental Employees Credit Union	116	89	106
Pelkie	Pelkie-Copper Country Community Credit Union	2,038	1,309	1,892
Plainwell	Allegan County School Employees Credit Union	2,442	1,421	2,253
Plainwell	Plainwell Paper Co., Inc. Employees Credit Union	1,421	861	1,135
Plymouth	Burroughs Interstate Services Credit Union	5,840	3,002	5,273
Plymouth	Plymouth Council Credit Union	526	265	465
Pontiac	Clinton Oakland Employees Credit Union	11,223	5,162	10,019
Pontiac	North Oakland Community Credit Union	12,317	9,194	11,429
Pontiac	Oakland County Employees Credit Union	15,356	9,192	14,551
Pontiac	Pontiac Municipal Employees Credit Union	8,137	6,362	7,761
Pontiac	Pontiac Postal Employees Credit Union	3,450	2,191	2,529
Pontiac	Pontiac Railroad Employees Credit Union	4,720	2,710	4,608
Pontiac	Pontiac Telephone Employees Credit Union	17,935	12,939	16,594
Port Huron	City County Associates Credit Union	1,535	1,185	1,394
Port Huron	Port Huron Paper Credit Union	909	754	838
Port Huron	St. Clair County Manufacturer's Credit Union	8,576	5,895	8,166
Port Huron	Times Herald Employees Credit Union	357	219	325
Port Sanilac	St. Mary's Parish Credit Union	78	39	65
Redford	Redford Township Community Credit Union	6,720	3,688	6,391
Redford	Redford Township Employees Credit Union	515	428	436
Reed City	Miller Industries Credit Union	680	542	564
Reed City	Osceola Community Credit Union	96	80	87
Reese	St. Elizabeth Parish Credit Union	1,471	890	1,245
Richmond	Belle River Farmers Credit Union	1,844	1,042	1,655
River Rouge	Fabricon Products Employees Credit Union	342	152	119
River Rouge	MSGR. Thompson Ks. of C. Credit Union	606	395	514
River Rouge	River Rouge Municipal Credit Union	630	504	489
Riverview	Riverview Community Employees Credit Union	985	579	809
Rochester	Rochester Schools Credit Union	5,678	2,816	4,500
Rockwood	Christian Community Credit Union	306	210	259
Rogers City	Calcite Credit Union	6,450	4,232	5,422
Romeo	M.P.C. Credit Union	604	543	505
Romulus	Kerr Employees Credit Union	546	353	399
Roscommon	North Central Governmental Credit Union	10,225	6,473	8,989
Roseville	AIRC Credit Union	2,243	1,479	2,161
Roseville	SEMF Credit Union	18,588	13,221	17,419
Roseville	St. Angela Parish Credit Union	1,958	1,475	1,286
Royal Oak	ROME Credit Union	2,988	1,862	2,728
Royal Oak	Royal Oak Schools Credit Union	10,505	5,469	9,644
Royal Oak	St. Dennis Parish Credit Union	14,164	9,111	13,792
Royal Oak	St. Mary's of Royal Oak Parish Credit Union	1,432	2,349	2,990
Royal Oak	Shrine of the Little Flower Parish Credit Union	3,221	3,306	3,073
Royal Oak	South Oakland Methodist Credit Union	2,511	1,468	2,403
Rudyard	Rudyard-Pickford Coop Credit Union	3,850	1,708	2,441
Saginaw	Amalgamated Local 455 Credit Union	4,391	5,932	1,589
Saginaw	Baker Perkins Employees Credit Union	2,623	1,206	2,378
Saginaw	Education Employees Credit Union of Saginaw	21,595	10,316	19,779
Saginaw	Holy Spirit Parish Credit Union	1,804	1,704	1,584
Saginaw	Lake Huron Credit Union	5,168	1,978	4,812
Saginaw	Saginaw County Employees Credit Union	6,191	3,903	5,635
Saginaw	Saginaw G. P. Employees Credit Union	7,380	3,133	6,629
Saginaw	Saginaw Editor Credit Union	1,264	1,043	1,349
Saginaw	Saginaw Farm Bureau Credit Union	4,228	2,498	3,874
Saginaw	Saginaw Municipal Employees Credit Union	4,198	1,581	4,219
Saginaw	Saginaw News Employees Credit Union	631	536	563

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Saginaw	Saginaw Telephone Employees Credit Union	$ 55,113	$30,843	$ 49,694
Saginaw	Saginaw-West Catholic Credit Union	1,641	735	1,459
Saginaw	Severance Employees Credit Union	268	240	231
Saginaw	Tri County Automotive Credit Union	260	238	232
Saginaw	Valley State Employees Credit Union	3,554	2,840	3,268
St. Joseph	Berrien Teachers Credit Union	14,011	7,129	13,134
St. Joseph	Heath Employees Credit Union	6,034	3,057	5,628
St. Joseph	Lake-View Credit Union	641	439	550
St. Joseph	Twin Cities Area Employees Credit Union	6,092	4,452	5,204
Sault Ste. Marie	Chippewa County Employees Credit Union	1,965	1,731	1,736
Sault Ste. Marie	Federal Employees of Chippewa Co. Credit Union	686	521	600
Sault Ste. Marie	Sault Ste. Marie Municipal Employees Credit Union	368	331	329
Sault Ste. Marie	Soo Co-op Credit Union	9,517	7,239	8,758
Southfield	Bayanihan Credit Union	166	2	161
Southfield	Central Credit Union of Michigan	660,778	16,958	589,251
Southfield	Covenant Credit Union	5,995	3,116	5,626
Southfield	Detroit Federal Employees Credit Union	40,056	19,089	30,126
Southfield	Detroit Musicians Credit Union	538	510	496
Southfield	FTD Employees Credit Union	239	154	224
Southfield	Michigan Services Credit Union	6,975	2,885	6,577
Southfield	Providence Hospital Employees Credit Union	2,285	1,575	1,886
Southfield	Southfield Employees Credit Union	1,079	838	694
Southfield	Taylor Credit Union	309	272	272
Southfield	Telcom Credit Union	59,210	37,100	53,127
Southgate	Detroit Peerless Employees Credit Union	268	183	231
Sparta	Rogue River Community Credit Union	2,524	1,294	2,293
Spring Lake	West Grand River Community Credit Union	360	308	329
Standish	Standish Community Credit Union	1,107	884	1,024
Sterling Heights	Sterling-Van Dyke Credit Union	8,539	5,309	7,360
Sterling Heights	Vandyke Industrial Park Credit Union	3,554	2,745	3,213
Tawas City	D. and M. Credit Union	607	498	521
Tawas City	National Gypsum Employees Credit Union	761	616	654
Taylor	D. T. & I. Employees Credit Union	4,072	1,783	3,764
Taylor	St. Cyril Parish Credit Union	2,263	1,642	2,114
Taylor	Taylor Community Credit Union	13,043	6,006	11,852
Tecumseh	Tecumseh Area Employees Credit Union	20,063	11,034	18,809
Temperance	Mt. Carmel Credit Union	163	137	148
Traverse City	Burwood Credit Union	340	249	273
Traverse City	Governmental Employees Credit Union	11,278	6,599	10,217
Traverse City	TBA Education Credit Union	7,200	5,738	6,808
Traverse City	T.C.T.W. Credit Union	1,322	1,032	1,190
Traverse City	Trades Credit Union	1,210	973	1,085
Trenton	Trenton Governmental Employees Credit Union	6,850	4,246	5,990
Trenton	Trenton Resins Credit Union	314	282	276
Troy	T & I Division Credit Union	13,166	7,450	11,983
Union Lake	St. Patrick Credit Union	273	249	222
Utica	North Metro Catholic Credit Union	862	526	749
Utica	St. Lawrence-Columbus Credit Union	4,710	3,437	4,397
Walled Lake	Excello Employees Credit Union	2,188	1,493	2,040
Warren	Bi-County Catholic Credit Union	3,508	891	3,119
Warren	E.M.I. Employees Credit Union	450	341	378
Warren	Future Credit Union of Detroit	8,572	2,539	8,273
Warren	Macomb County Postal Employees Credit Union	569	461	480
Warren	Multi-Parish Credit Union	501	348	467
Warren	St. Cletus Credit Union	1,339	998	1,256
Warren	St. Leonard's Parish Credit Union	425	377	380
Warren	St. Mark's Credit Union	919	765	735
Warren	St. Sylvester Parish Credit Union	845	576	733
Warren	TEK-NI-KAL Employees Credit Union	4,141	3,051	3,413
Weidman	Morbark Employees Credit Union	266	181	252
West Branch	Ogemaw Community Credit Union	4,900	2,008	4,636
Westland	Eloise Credit Union	6,712	4,537	5,871
Whitehall	Hoyt Employees Credit Union	5,475	4,510	4,805
Whitehall	Whitehall Leather Employees Credit Union	295	218	247
White Pigeon	Eddy Paper Employees Credit Union	259	223	204
Woodhaven	E & L Transport Employees Credit Union	305	182	256
Woodhaven	Woodhaven Mobil Credit Union	254	166	186
Wyandotte	Downriver School Employees Credit Union	6,211	4,307	5,798
Wyandotte	Pennsalt Keystone Credit Union	908	846	780
Wyoming	Allied Printing Trades Credit Union	1,942	1,524	1,747
Wyoming	American Box Board Company Employees' Credit Union	1,042	847	877
Wyoming	Employees Credit Union of Spartan Stores, Inc.	2,181	1,365	2,005
Wyoming	Employees of Keebler Company's Grand Rapids Bakery Credit Union	846	702	769

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Wyoming	G. R. O. H. Employees Credit Union	$ 420	$ 360	$ 388
Wyoming	Multi-Products Credit Union	14,776	9,735	13,118
Wyoming	Steelcase Employees Credit Union	19,815	8,601	17,707
Wyoming	Transport Affiliated Companies Credit Union	3,863	2,920	3,476
Ypsilanti	Eastern Michigan University Credit Union	2,313	1,352	1,918

SAVINGS AND LOAN DIVISION

The Savings and Loan Division is responsible for the chartering, regulation and supervision of state-chartered savings and loan associations in Michigan. The purpose of supervision is to ensure the safe and sound operation of all state associations, enforce statutory compliance and to protect the public interest. A program of examination and supervision, statistical monitoring, and regulation of corporate activity enables the division to effectively oversee the activities of savings and loans.

Examinations

The division conducts periodic examinations jointly with the Federal Home Loan Bank Board (Board). The examinations are joint because all state associations are insured by the Federal Savings and Loan Insurance Corporation (FSLIC) which is an agency of the Board. The examination is used by the division to fulfill its regulatory and supervisory responsibilities. With the data provided through the examination, the division can evaluate the association's capital adequacy, quality of assets, managerial expertise, earnings ability, and level of liquidity. During 1983, the division conducted 12 regular and one limited scope examination.

Problem Associations

During 1983, the number of problem associations declined from four to one because two associations were acquired by other savings institutions and one association successfully implemented a restructuring of its assets. Heavy losses in 1981 and 1982 which further eroded net worth is the main reason that most associations have been classified as problems. The table below provides information pertaining to problem associations over the last five years.

	Total Associations Supervised	Problems Removed	Problems Identified	Current Problems
1979	31	0	0	1
1980	30	0	0	1
1981	26	2	2	1
1982	21	0	3	4
1983	20	3	0	1

Structural Trends

The number of state-chartered savings and loans declined from 21 to 20 while the number of federal associations remained at 32. However, the number of branch offices in the state increased from 582 to 599, of which 120 were offices of state associations and 479 of federal associations. One year earlier, state associations had 128 offices while federal associations had 454. Federal association offices as a percent of total offices increased because of mergers of state associations with federal associations and conversions from state to federal charter. In 1983, Union Savings and Loan Association converted to a federal charter and Metropolitan Savings Association was acquired by Empire of America, FA. Also, during the year, Franklin Savings and Loan Association, Southfield, opened for business, and USM Savings and Loan Association, Ann Arbor, was formed in order to acquire Michigan Savings and Loan Association. In addition, two groups have filed a de novo application and are in the process of satisfying the requirements of a conditional approval.

The Garn-St. Germain Depository Institutions Act, enacted in 1982, permits conversions to a savings bank charter. As of year end, two federal associations had converted - First Federal Savings and Loan Association of Oakland, Pontiac, to First Federal Savings Bank & Trust, and Peoples Federal Savings

and Loan Association, Monroe, to Peoples Savings Bank, FSB.

Industry Performance Trends

After two years of significant operating losses, the savings and loan industry began a comeback in 1983. Short-term market interest rates fell to levels not seen since early 1979, helping to restore a positive interest rate margin. The positive margin, combined with reduced non-interest expenses, were major factors in the return to profitability. While the return on average assets was rising, the level of delinquent loans was falling to its lowest level in eighteen months. Most associations used the stronger economic climate to improve their liquidity levels and to move toward a restructuring of their assets and liabilities. Restructuring adopted many faces: selling long-term fixed rate loans and reinvesting the proceeds in assets with greater market sensitivity; sale and leaseback of the association's physical facilities; offering shorter-term business and consumer loans; using the service corporation to diversify; using brokered deposits to lengthen the deposit maturity; selling branch offices and closing unprofitable ones; and using borrowings to fund lending demand.

Changes in Laws and Rules

Coinciding with the industry's financial improvement was the continuing phaseout of deposit rate ceilings. The gradual deregulation of time deposits was scheduled to take place over a period no longer than six years, culminating in 1986. However, the Depository Institutions Deregulation Committee accelerated the phaseout such that all time deposits with maturities of more than 31 days are no longer subject to interest rate ceilings or minimum balance requirements.

The asset side of association balance sheets also felt the effect of regulatory change. Federal associations were granted broadened lending powers in 1982. Lending requirements for variable rate mortgages were liberalized and made more flexible; business loans were authorized; and consumer loan limits were increased.

Statistical Data

For purposes of comparison, the following statistical data have been adjusted to exclude mark-to-market and converted or acquired associations.

State associations recorded an increase in assets of 27.7%, deposits of 14.4%, and net worth of 52.3% in 1983. Mortgage loans and contracts outstanding increased $575,918,000, or 26.3% over the amount one year earlier while non-mortgage loans climbed $11,042,000, or 26.7%. The other major asset account, cash and investments, rose $88,165,000, or 24.4%. On the liability side, passbook, NOW, and MINOW accounts increased 54.4%, from $464,438,000 to $716,936,000. Deposit accounts of $100,000 and over increased from $86,099,000 to $188,577,000, or 119.0%. Other certificates of deposit declined from $1,819,680,000 to $1,805,583,000 or 0.8%. Borrowings leaped $358,345,000 to $605,629,000, an increase of 144.9%.

In 1983, state savings and loans had a very profitable year, as measured by return on average assets (ROA). The ROA of state associations surged to .91% in 1983, from a negative .95% posted in 1982. A significant increase in non-operating income of $16,425,000, or 82.2% and a small increase of $786,000 in interest paid on deposits and borrowed money helped to explain the turnaround. Of the industry's total miscellaneous non-operating income, 98.7% was attributable to the sale of ten branch offices. The combination of falling interest rates and controlled operating expenses resulted in total expenses rising 6.93% while total income was increasing 22.6%. The net result was a significant improvement in net worth.

The decrease in interest rates paid on deposits and borrowings was responsible for the sharp drop in the cost of funds from

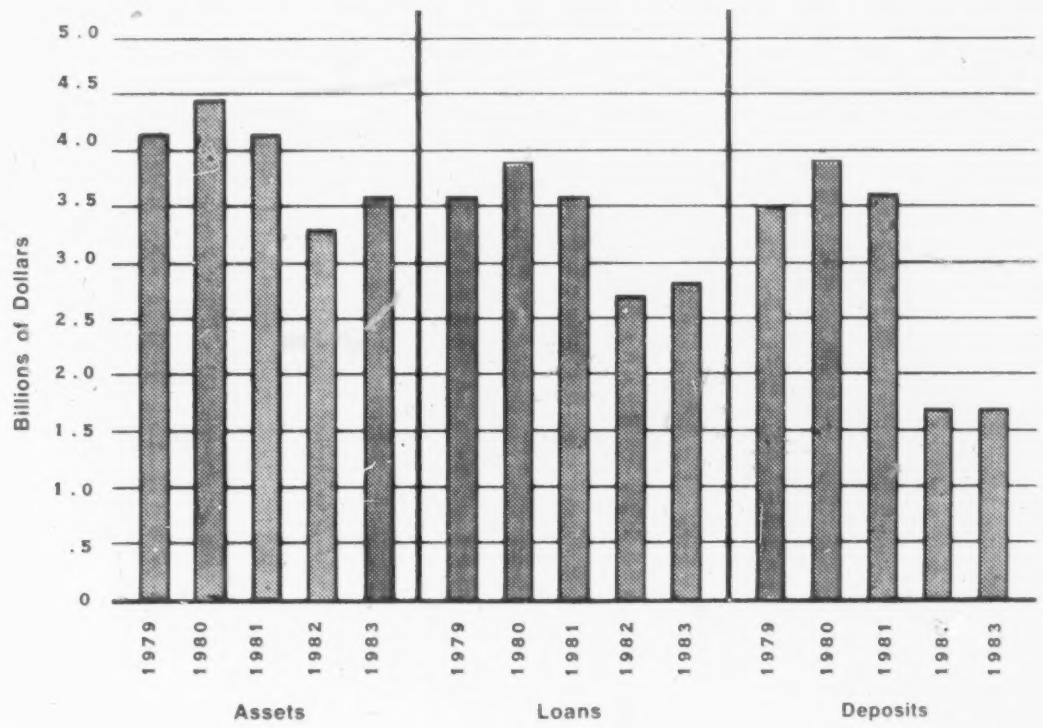
10.68% in 1982 to 8.98% in 1983. Conversely, the yield earned on loans and investments rose in 1983 from 10.17% to 10.43%, as indicated in the table below. The resulting interest margin increased from a negative .52% to 1.45%.

	Cost of Money	Yield on Investments
1979	7.40%	9.05%
1980	8.61	9.42
1981	10.53	9.96
1982	10.68	10.17
1983	8.98	10.43

Self-Funding

Currently, the Savings and Loan Division is supported by the State's General Fund. Because division expenses have consistently exceeded the revenue it generates and General Fund programs may be subject to fluctuating appropriation levels, the Bureau will, in 1984, introduce legislation to place the division on a self-funded basis with fees established at a level to cover the division's expenses. The proposed legislation will require that the revenues generated be restricted to the regulation of state-chartered savings and loans.

COMPARATIVE CHART OF ASSETS, LOANS AND DEPOSITS OF STATE SAVINGS AND LOAN ASSOCIATIONS IN MICHIGAN



CONSOLIDATED BALANCE SHEET OF STATE SAVINGS AND LOAN ASSOCIATIONS

(000's Omitted)

	21 Associations December 31, 1982	20 Associations December 31, 1983	Percent Increase (Decrease)
ASSETS			
Mortgage Loans and Contracts	$2,631,749	$2,764,344	5.0%
Other Loans	68,403	52,471	(23.3)
Real Estate Owned and In Judgment	23,747	30,688	29.2
Real Estate for Development	3,236	3,423	5.8
Cash on Hand and in Banks	57,153	58,408	2.2
Investment Securities	325,577	390,388	19.9
Federal Home Loan Bank Stock	29,784	26,622	(10.6)
Office Buildings and Equipment (Net)	47,377	48,063	1.4
Investments in Service Corporations	3,519	6,639	88.7
Restructuring Asset (Net)	34,277	42,036	22.6
Other Assets	75,633	135,242	78.8
Total Assets	$3,300,455	$3,558,324	7.8
LIABILITIES AND NET WORTH			
Time Deposits	$2,190,148	$1,994,161	(8.9%)
Passbook and NOW Accounts	542,572	716,936	32.1
Total Savings Accounts	$2,732,720	$2,711,097	(0.8)
Borrowed Money	392,200	605,629	54.4
Advance Payments by Borrowers for Taxes and Insurance	13,796	14,674	6.4
Other Liabilities	29,607	35,944	21.4
Deferred Taxes	7,659	8,381	9.4
Total Liabilities	$3,175,982	$3,375,725	6.3
General Reserves and Undivided Profits	$ 80,121	$ 114,726	43.2
Net Worth Certificates	0	500	---
Capital Stock	4,408	8,467	92.1
Capital in Excess of Par	5,667	16,870	197.7
Total Regulatory Net Worth	$ 90,196	$ 140,563	55.8
Restricted Net Worth	34,277	42,036	22.6
Total Net Worth	$ 124,473	$ 182,599	46.7
Total Liabilities and Net Worth	$3,300,455	$3,558,324	7.8

CONSOLIDATED STATEMENT OF OPERATIONS OF STATE SAVINGS AND LOAN ASSOCIATIONS

(000's Omitted)

	1982	1983	Percent Increase (Decrease)
INCOME			
OPERATING INCOME			
Interest on:			
Mortgage Loans and Contracts	$260,318	$247,563	(4.9%)
Other Loans	8,790	5,572	(36.6)
Investments and Deposits	39,434	42,579	8.0
Total Interest	$308,542	$295,714	(4.2)
Loan Fees and Charges	2,480	12,086	387.3
Other Operating Income	10,117	9,018	(10.9)
Total Operating Income	$321,139	$316,818	(1.3)
NON-OPERATING INCOME			
Profit on Sale of Assets	$ 18,800	$ 11,565	(38.5)
Other Non-Operating Income	1,288	24,830	1,827.8
Restructuring Income	34,278	19,752	(42.4)
Total Non-Operating Income	$ 54,366	$ 56,147	3.3
Total Income	$375,505	$372,965	(0.7)
EXPENSE			
OPERATING EXPENSE			
Salary, Wages and Fees	$ 18,929	$ 18,969	0.2%
Employee Fringe Benefits	4,122	4,461	8.2
Directors, Officers and Employees Expense Accounts	454	680	49.8
Professional and Advisory Services	673	638	(5.2)
Office Occupancy Expense	5,098	5,088	(0.2)
Furniture, Fixtures and Equipment Expense	4,239	4,295	1.3
Advertising	2,386	2,492	4.4
Supervisory Examinations	142	141	(0.7)
Independent Audit Expense	454	443	(2.4)
FSLIC Premiums	2,216	1,986	(10.4)
Other Operating Expense	9,772	13,406	37.2
Total Operating Expense	$ 48,485	$ 52,599	8.5
COST OF MONEY			
Interest on Deposits	$289,183	$234,021	(19.1)
Interest on Borrowed Money	36,845	32,316	(12.3)
Total Cost of Money	$326,028	$266,337	(18.3)
NON-OPERATING EXPENSE			
Income Taxes:			
Federal Income Tax	$ (5,547)	$ 1,539	(127.7)
State and Local Income Tax	2	12	500.0
Total Income Tax	$ (5,545)	$ 1,551	(128.0)
Losses and Provision for Losses	2,530	3,409	34.7
Other Non-Operating Expense	333	936	181.1
Total Non-Operating Expense	$ (2,682)	$ 5,896	(319.8)
Total Expense	$371,831	$324,832	(12.6)
NET INCOME	$ 3,674	$ 48,133	1,210.1

CONSOLIDATED BALANCE SHEET OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS

(000's Omitted)

	32 Associations December 31, 1982	32 Associations December 31, 1983	Percent Increase (Decrease)
ASSETS			
Mortgage Loans and Contracts	$12,499,993	$14,560,674	16.5%
Other Loans	261,928	783,318	199.1
Real Estate Owned and In Judgment	116,423	121,399	4.3
Real Estate for Development	6,419	7,104	10.7
Cash on Hand and in Banks	179,926	209,049	16.2
Investment Securities	2,447,124	3,857,468	57.6
Federal Home Loan Bank Stock	149,320	213,201	42.8
Office Buildings and Equipment (Net)	250,398	276,700	10.5
Investments in Service Corporations	28,879	37,803	30.9
Other Assets	823,177	1,122,690	36.4
Total Assets	$16,763,587	$21,189,406	26.4
LIABILITIES AND NET WORTH			
Savings Certificates	$ 9,689,053	$11,529,098	19.0%
Other Savings Accounts	3,467,368	4,336,756	25.1
Total Savings Accounts	$13,156,421	$15,865,854	20.6
Borrowed Money	2,593,630	4,369,361	68.5
Advance Payments by Borrowers for Taxes and Insurance	70,479	107,419	52.4
Other Liabilities	502,380	248,901	(50.5)
Deferred Taxes	26,803	29,217	9.0
Total Liabilities	$16,349,713	$20,620,752	26.1
General Reserves	$ 339,328	$ 399,505	17.6
Undivided Profits (Earned Surplus)	74,046	169,149	128.4
Total Net Worth	$ 413,874	$ 568,654	37.4
Total Liabilities and Net Worth	$16,763,587	$21,189,406	26.4

CONSOLIDATED STATEMENT OF OPERATIONS OF

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

(000's Omitted)

	1982	1983	Percent Increase (Decrease)
INCOME			
OPERATING INCOME			
Interest on:			
Mortgage Loans and Contracts	$1,193,115	$1,447,756	21.3%
Other Loans	26,584	68,745	158.6
Investments and Deposits	214,246	331,992	55.0
Total Interest	$1,433,945	$1,848,493	28.9
Loan Fees and Charges	17,878	76,720	329.1
Other Operating Income	117,249	40,639	(65.3)
Total Operating Income	$1,569,072	$1,965,852	25.3
NON-OPERATING INCOME			
Profit on Sale of Assets	$ 39,645	$ 78,802	98.8
Other Non-Operating Income	11,698	8,023	(31.4)
Total Non-Operating Income	$ 51,343	$ 86,825	69.1
Total Income	$1,620,415	$2,052,677	26.7
EXPENSE			
OPERATING EXPENSE			
Salary, Wages and Fees	$ 78,353	$ 94,357	20.4%
Employee Fringe Benefits	19,007	23,123	21.7
Directors, Officers and Employees Expense Accounts	1,286	1,829	42.2
Professional and Advisory Services	2,007	2,384	18.8
Office Occupancy Expense	23,523	25,933	10.2
Furniture, Fixtures and Equipment Expense	17,068	21,075	23.5
Advertising	10,010	9,827	(1.8)
Supervisory Examinations	257	349	35.8
Independent Audit Expense	1,185	1,426	20.3
FSLIC Premiums	9,500	10,972	15.5
Other Operating Expense	34,352	53,161	54.8
Total Operating Expense	$ 196,548	$ 244,436	24.4
COST OF MONEY			
Interest on Deposits	$1,364,972	$1,355,069	(0.7)
Interest on Borrowed Money	234,637	409,350	74.5
Total Cost of Money	$1,599,609	$1,764,419	10.3
NON-OPERATING EXPENSE			
Income Taxes:			
Federal Income Tax	$ (61,479)	$ 10,446	(117.0)
State and Local Income Tax	(245)	9	(103.7)
Total Income Tax	$ (61,724)	$ 10,455	(116.9)
Losses and Provision for Losses	33,017	24,983	(24.3)
Other Non-Operating Expense	3,101	2,448	(21.1)
Total Non-Operating Expense	$ (25,606)	$ 37,886	(248.0)
Total Expense	$1,770,551	$2,046,741	15.6
NET INCOME	$ (150,136)	$ 5,936	(104.0)

REPORTS OF CONDITION - DECEMBER 31, 1983

STATE SAVINGS AND LOAN ASSOCIATIONS

ASSETS

(000's Omitted)

Name and Location of Association	Cash And Securities	Mortgage Loans And Contracts	Other Loans	Fixed Assets And Real Estate	Net Restructuring Asset	Other Assets	Total Assets
USM Savings and Loan Association, Ann Arbor	$ 5,570	$ 70,426	$ 261	$ 428	$ -0-	$ 5,787	$ 82,472
Peoples Savings and Loan Association of Battle Creek, Battle Creek	10,197	80,630	1,021	4,545	4,157	1,892	102,442
Mutual Savings and Loan Association, Bay City	80,571	660,020	4,431	10,694	17,283	27,992	800,991
Bloomfield Savings & Loan Association, Birmingham	29,083	300,236	817	9,637	-0-	34,973	374,746
Detroit & Northern Savings & Loan Association, Hancock	100,565	890,609	15,607	34,112	-0-	72,602	1,113,495
Hastings Savings and Loan Association, Hastings	3,847	27,249	174	380	-0-	396	32,046
Ottawa Savings and Loan Association, Holland	37,272	136,096	3,383	2,487	2,532	1,651	183,421
Iron Savings and Loan Association, Iron River	1,297	5,696	142	58	-0-	65	7,258
Security Savings and Loan Association, Jackson	71,390	109,489	11,307	3,450	4,727	3,490	203,853
Marshall Savings and Loan Association, Marshall	2,624	20,348	1,303	685	840	220	26,020
Central State Savings and Loan Association, Mount Clemens	5,346	56,602	3,966	1,394	-0-	5,546	72,854
New Buffalo Savings and Loan Association, New Buffalo	4,937	25,055	1,615	1,353	950	241	34,151
Macomb Savings and Loan Association, St. Clair Shores	5,384	13,743	105	9	-0-	214	19,455
Peoples Savings Association, St. Joseph	11,641	107,804	1,553	3,746	4,908	2,217	131,869
St. Joseph Savings and Loan Association, St. Joseph	53,996	73,010	1,145	1,014	3,954	6,974	140,093
Franklin Savings and Loan Association, Southfield	4,064	118	58	17	-0-	222	4,479
Sturgis Savings and Loan Association, Sturgis	3,928	38,211	1,244	926	1,715	1,285	47,309
Three Rivers Savings and Loan Association, Three Rivers	9,502	56,904	1,587	2,611	-0-	1,587	72,191
Northwestern Savings and Loan Association, Traverse City	6,108	65,278	1,952	3,535	212	690	77,775
First Savings Association of Ypsilanti, Ypsilanti	1,474	26,820	800	1,093	758	459	31,404
TOTALS - 20 ASSOCIATIONS	$448,796	$2,764,344	$52,471	$82,174	$42,036	$168,503	$3,558,324

REPORTS OF CONDITION - DECEMBER 31, 1983

STATE SAVINGS AND LOAN ASSOCIATIONS

LIABILITIES AND NET WORTH

(000's Omitted)

Name and Location of Association	Passbook And NOW Accounts	Time Deposits	Borrowed Money	Other Liabilities	Common Stock	Capital In Excess Of Par	Undivided Profits And Reserves	Restricted Net Worth
USM Savings and Loan Association, Ann Arbor	$ 4,580	$ 54,370	$ 15,262	$ 1,197	$1,200	$ 6,295	$ (432)	$ -0-
Peoples Savings and Loan Association of Battle Creek, Battle Creek	27,739	61,942	6,020	870	-0-	-0-	1,714*	4,157
Mutual Savings and Loan Association, Bay City	139,483	372,427	244,813	9,426	-0-	-0-	17,559	17,283
Bloomfield Savings & Loan Association, Birmingham	86,155	176,554	95,274	2,901	3,467	9,076	1,319	-0-
Detroit & Northern Savings & Loan Association, Hancock	224,785	610,582	199,427	25,184	-0-	-0-	53,517	-0-
Hastings Savings and Loan Association, Hastings	9,663	19,804	8	183	-0-	-0-	2,388	-0-
Ottawa Savings and Loan Association, Holland	48,507	123,379	105	1,864	-0-	-0-	7,034	2,532
Iron Savings and Loan Association, Iron River	2,314	4,565	-0-	7	-0-	-0-	372	-0-
Security Savings and Loan Association, Jackson	21,656	151,983	16,239	898	-0-	-0-	8,350	4,727
Marshall Savings and Loan Association, Marshall	6,182	17,566	259	133	-0-	-0-	1,040	840
Central State Savings and Loan Association, Mount Clemens	20,373	32,368	16,132	1,987	1,200	300	494	-0-
New Buffalo Savings and Loan Association, New Buffalo	8,112	23,189	-0-	387	-0-	-0-	1,513	950
Macomb Savings and Loan Association, St. Clair Shores	3,813	13,726	-0-	709	-0-	-0-	1,207	-0-
Peoples Savings Association, St. Joseph	43,158	78,782	-0-	1,361	-0-	-0-	3,659	4,908
St. Joseph Savings and Loan Association, St. Joseph	20,854	91,977	8,208	8,588	-0-	-0-	6,513	3,954
Franklin Savings and Loan Association, Southfield	572	801	-0-	39	2,400	600	67	-0-
Sturgis Savings and Loan Association, Sturgis	10,750	32,647	-0-	297	-0-	-0-	1,900	1,715
Three Rivers Savings and Loan Association, Three Rivers	14,498	54,199	512	447	-0-	-0-	2,535	-0-
Northwestern Savings and Loan Association, Traverse City	13,681	56,877	1,361	1,712	200	599	3,133	212
First Savings Association of Ypsilanti, Ypsilanti	10,061	16,423	2,009	809	-0-	-0-	1,344	758
TOTALS - 20 ASSOCIATIONS	$716,936	$1,994,161	$605,629	$58,999	$8,467	$16,870	$115,226	$42,036

*Includes $500,000 in Net Worth Certificates

REPORTS OF CONDITION - DECEMBER 31, 1983

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

ASSETS

(000's Omitted)

Name and Location of Association	Cash And Securities	Mortgage Loans And Contracts	Other Loans	Fixed Assets And Real Estate	Other Assets	Total Assets
First Federal Savings and Loan Association of Lenawee County, Adrian	$ 31,473	$ 130,118	$ 1,183	$ 3,520	$ 1,737	$ 168,031
Homestead Savings and Loan Association, F.A., Albion	4,062	17,818	231	1,289	288	23,688
First Federal Savings and Loan Association of Alpena, Alpena	7,633	47,701	279	920	816	57,349
Great Lakes Federal Savings and Loan Association, Ann Arbor	148,533	1,259,720	112,116	39,466	184,903	1,744,738
LaSalle Federal Savings and Loan Association of Buchanan, Buchanan	9,985	80,441	516	1,629	1,192	93,763
Eaton Federal Savings and Loan Association, Charlotte	15,678	55,839	1,766	1,263	1,105	75,651
Branch County Federal Savings and Loan Association, Coldwater	13,452	48,630	1,693	1,978	613	66,366
Dearborn Federal Savings and Loan Association, Dearborn	14,665	120,586	61	2,845	2,024	140,181
First Dearborn, F.A., Dearborn	29,626	182,696	284	2,123	30,754	245,483
Detroit Federal Savings and Loan Association, Detroit	33,254	64,621	22,840	3,198	8,712	132,625
First Federal of Michigan, Detroit	1,853,530	5,334,109	82,774	83,232	213,215	7,566,860*
Home Federal Savings and Loan Association, Detroit	2,075	16,626	491	565	1,587	21,344
Grand Rapids Mutual Federal Savings and Loan Association, Grand Rapids	79,990	123,869	4,846	2,017	2,660	213,382
Mutual Home Federal Savings and Loan Association, Grand Rapids	72,701	242,029	15,516	19,509	3,026	352,781
West Side Federal Savings and Loan Association, Grand Rapids	9,879	53,471	-0-	383	599	64,332
Colonial Federal Savings and Loan Association, Grosse Pte. Woods	11,925	172,378	968	4,692	3,408	193,371
First Federal Savings and Loan Association of Livingston County, Howell	26,745	106,391	832	3,659	2,464	140,091
Fidelity Federal Savings and Loan Association, Kalamazoo	18,741	153,757	2,719	4,104	2,697	182,018
First Federal Savings and Loan Association of Kalamazoo, Kalamazoo	128,525	341,930	6,352	8,094	10,115	495,016
Capitol Federal Savings & Loan Association, Lansing	55,017	381,780	1,087	11,520	4,359	453,763
Union Federal Savings, Lansing	14,069	103,396	981	2,383	8,447	129,276
Ludington Federal Savings and Loan Association, Ludington	4,786	25,589	228	563	497	31,663
Wolverine Federal Savings and Loan Association, Midland	6,714	72,503	2,701	1,506	928	84,352
Peoples Savings Bank, FSB, Monroe	62,737	173,822	13,240	6,700	36,646	293,145
Muskegon Federal Savings and Loan Association, Muskegon	19,913	192,238	2,490	8,351	3,673	226,665
First Federal Savings Bank & Trust, Pontiac	55,898	600,370	52,333	35,879	48,675	793,155
Citizens Federal Savings and Loan Association of Port Huron, Port Huron	36,301	160,983	32,719	6,968	2,407	239,378

*Figures are Michigan assets only

REPORTS OF CONDITION - DECEMBER 31, 1983

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

LIABILITIES AND NET WORTH

(000's Omitted)

Name and Location of Association	Passbook And NOW Accounts	Time Deposits	Borrowed Money	Other Liabilities	Undivided Profits And Reserves
First Federal Savings and Loan Association of Lenawee County, Adrian	$ 45,487	$ 100,361	$ 5,443	$ 3,262	$ 13,479
Homestead Savings and Loan Association, F.A., Albion	6,918	15,024	13	394	1,338
First Federal Savings and Loan Association of Alpena, Alpena	13,367	40,835	295	270	2,582
Great Lakes Federal Savings and Loan Association, Ann Arbor	383,279	1,023,484	243,158	25,269	69,549
LaSalle Federal Savings and Loan Association of Buchanan, Buchanan	22,494	66,472	1,529	1,115	2,154
Eaton Federal Savings and Loan Association, Charlotte	20,587	46,837	-0-	2,428	5,799
Branch County Federal Savings and Loan Association, Coldwater	23,381	40,427	-0-	329	2,229
Dearborn Federal Savings and Loan Association, Dearborn	44,995	78,360	7,974	3,967	4,885
First Dearborn, F.A., Dearborn	55,801	168,958	13,662	1,733	5,329
Detroit Federal Savings and Loan Association, Detroit	26,987	90,146	8,987	4,689	1,816
First Federal of Michigan, Detroit	923,778	3,365,513	2,902,512	158,406	216,651
Home Federal Savings and Loan Association, Detroit	9,960	9,826	-0-	212	1,346
Grand Rapids Mutual Federal Savings and Loan Association, Grand Rapids	48,623	152,402	-0-	1,392	10,965
Mutual Home Federal Savings and Loan Association, Grand Rapids	78,226	248,900	15,040	2,988	7,628
West Side Federal Savings and Loan Association, Grand Rapids	13,163	46,971	-0-	426	3,770
Colonial Federal Savings and Loan Association, Grosse Pte. Woods	43,086	118,595	21,861	5,610	4,219
First Federal Savings and Loan Association of Livingston County, Howell	46,279	84,459	3,471	2,144	3,738
Fidelity Federal Savings and Loan Association, Kalamazoo	42,442	130,023	2,245	1,436	5,872
First Federal Savings and Loan Association of Kalamazoo, Kalamazoo	124,507	335,458	-0-	4,774	30,277
Capitol Federal Savings & Loan Association, Lansing	107,627	294,383	28,106	4,395	18,251
Union Federal Savings, Lansing	31,211	89,136	-0-	3,162	5,767
Ludington Federal Savings and Loan Association, Ludington	9,104	20,990	403	208	957
Wolverine Federal Savings and Loan Association, Midland	15,597	60,782	3,531	377	4,064
Peoples Savings Bank, FSB, Monroe	99,859	164,197	13,212	5,480	10,397
Muskegon Federal Savings and Loan Association, Muskegon	54,396	159,182	8,384	2,788	1,917
First Federal Savings Bank & Trust, Pontiac	204,442	462,545	79,090	15,098	31,979
Citizens Federal Savings and Loan Association of Port Huron, Port Huron	89,425	139,488	-0-	2,565	7,839

REPORTS OF CONDITION - DECEMBER 31, 1983

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

ASSETS

(000's Omitted)

Name and Location of Association	Cash And Securities	Mortgage Loans And Contracts	Other Loans	Fixed Assets And Real Estate	Other Assets	Total Assets
Family Federal Savings and Loan Association, Saginaw	$ 85,023	$ 269,379	$ 9,858	$ 11,211	$ 12,923	$ 388,394
Empire of America, FSA, Southfield	38,204	697,278	137,603	13,990	265,281	1,152,356*
Down River Federal Savings and Loan Association, Taylor	57,892	338,522	2,540	21,199	5,411	425,564
Guaranty Federal Savings and Loan Association, Taylor	23,780	122,608	14,016	1,302	6,519	168,225
Standard Federal Savings and Loan Association, Troy	1,098,075	2,830,615	258,055	99,145	540,510	4,826,400**
TOTALS - 32 ASSOCIATIONS	$4,070,881	$14,521,813	$783,318	$405,203	$1,408,191	$21,189,406

*Figures are Michigan assets only
**Includes non-Michigan assets

REPORTS OF CONDITION - DECEMBER 31, 1983

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

LIABILITIES AND NET WORTH

(000's Omitted)

Name and Location of Association	Passbook And NOW Accounts	Time Deposits	Borrowed Money	Other Liabilities	Undivided Profits And Reserves
Family Federal Savings and Loan Association, Saginaw	$ 88,467	$ 277,924	$ 12,707	$ 3,287	$ 6,010
Empire of America, FSA, Southfield	287,174	566,916	334,727	48,103	(84,564)
Down River Federal Savings and Loan Association, Taylor	125,574	234,261	26,597	20,237	18,897
Guaranty Federal Savings and Loan Association, Taylor	49,796	96,462	15,601	4,130	2,236
Standard Federal Savings and Loan Association, Troy	1,184,320	2,816,033	620,049	55,779	150,218
TOTALS - 32 ASSOCIATIONS	$4,320,352	$11,545,350	$4,368,597	$386,453	$568,654

COMPARATIVE STATISTICAL DATA

State-Chartered Savings and Loan Associations

	12-31-79	12-31-80	12-31-81	12-31-82	12-31-83
Number of associations	31	30	26	21	20
Number of branches	171	181	167	128	120
Number of savings accounts	679,299	710,148	715,737	538,453	475,363
Total savings accounts*	$3,514,265	$3,850,692	$3,636,951	$2,732,720	$2,711,097
Average savings account balance	$ 5,173	$ 5,422	$ 5,081	$ 5,075	$ 5,704
Total assets*	$4,115,281	$4,450,313	$4,190,972	$3,300,455	$3,558,324
Number of mortgage loans and contracts outstanding	145,719	146,794	137,828	93,859	98,370
Number of new mortgage loans and contracts (year)	19,507	11,631	6,808	3,580	11,715**
Amount of new mortgage loans and contracts (year)*	$ 739,528	$ 480,511	$ 266,431	$ 117,978	$ 691,221
Ratio of mortgage loans & contracts to total assets	87.7%	85.7%	86.8%	79.7%	77.7%
Ratio of cash and securities to total savings	8.7%	10.8%	8.8%	14.0%	16.6%
Ratio of borrowed money to total assets	6.7%	6.3%	9.7%	11.9%	17.0%
Ratio of net income (year) to average assets (year)	0.63%	0.01%	(1.08%)	0.11%	1.40%
Total interest paid or credited to savers (year)*	$ 247,400	$ 316,665	$ 392,211	$ 289,183	$ 234,021
Total net worth*	$ 222,337	$ 228,657	$ 166,354	$ 124,473	$ 182,599
Ratio of net worth to total assets	5.4%	5.1%	4.0%	3.8%	5.1%
Ratio of net worth to total savings	6.3%	5.9%	4.6%	4.6%	6.7%
Number of associations offering EFT	0	0	0	0	2
Number of associations offering NOW accounts	0	0	23	19	19
Number of associations offering trust services	0	0	1	7	2

*000's Omitted
**Estimated

COMPARATIVE ASSET TOTALS AND ANNUAL ASSET INCREASE (DECREASE)

State-Chartered Savings And Loan Associations

1974 - 1983

Year Ended	Total Assets	Annual Assets Increase or (Decrease)	
December 31, 1974	$2,822,201,102	$304,907,083	12.1%
December 31, 1975	$2,720,863,731	($101,337,371)	(3.6%)
December 31, 1976	$2,865,700,149	$144,836,418	5.3%
December 31, 1977	$3,352,130,058	$486,429,909	17.0%
December 31, 1978	$3,764,745,775	$412,615,717	12.3%
December 31, 1979	$4,115,280,618	$350,534,843	9.3%
December 31, 1980	$4,450,312,849	$335,032,231	8.1%
December 31, 1981	$4,190,972,477	($259,340,372)	(5.8%)
December 31, 1982	$3,300,455,180	($890,517,297)	(21.2%)
December 31, 1983	$3,558,324,455	$257,869,275	7.8%

STATE SAVINGS AND LOAN ASSOCIATIONS

	1979	1980	1981	1982	1983
Number of Savings and Loan Associations - January 1	31	31	30	26	21
Plus: Charters granted	0	2	0	1	1
Conversions - Federal to State	0	0	0	0	0
Less: Mergers	0	3	4	3	1
Conversions - State to Federal	0	0	0	3	1
Number of Savings and Loan Associations - December 31	31	30	26	21	20

CHARTER APPLICATIONS

	1979	1980	1981	1982	1983
Charter Applications - Mutual/Capital Stock -					
State	0/4	0/1	0/0	0/0	0/2
Federal	0/0	0/0	6/0	0/0	0/4
Charters Approved - Mutual/Capital Stock					
State	0/5	0/1	0/0	0/2	0/3*
Federal	0/0	0/0	0/0	3/0	0/2
Charters Denied - Mutual/Capital Stock					
State	0/0	0/0	0/0	0/0	0/0
Federal	0/0	0/0	0/0	0/0	0/0
New Savings and Loan Associations Opened - Mutual/Capital Stock					
State	0/0	0/2	0/0	0/1	0/1
Federal	0/0	0/0	0/0	0/0	0/2

*Includes one phantom savings and loan association

SAVINGS AND LOAN ASSOCIATIONS AND BRANCH OFFICES

	1979	1980	1981	1982	1983
Savings and Loan Associations - Mutual					
State	28	24	22	16	15
Federal	*	*	33	32	30
Branches - Mutual					
State	158	157	147	108	102
Federal	*	*	410	454	389
Savings and Loan Associations - Capital Stock					
State	3	6	4	5	5
Federal	0	0	0	0	2
Branches - Capital Stock					
State	13	24	20	20	18
Federal	0	0	0	0	90

*Not available

NEW STOCK ASSOCIATION

Date Effective	Name of Association	Location
Dec. 1, 83	Franklin Savings and Loan Association	26336 West Twelve Mile Road Southfield, MI

SAVINGS AND LOAN ASSOCIATIONS MERGED

Date Effective	Name of Association	City
Aug. 11, 83	USM Savings and Loan Association Merged into Michigan Savings and Loan Association, Ann Arbor	Ann Arbor
Feb. 11, 83	Metropolitan Savings Association. Merged into Empire of America, FSA, Southfield	Farmington Hills
Mar. 7, 83	First Federal Savings and Loan Association of Jackson Merged into First Federal Savings and Loan Association of Kalamazoo, Kalamazoo	Jackson
Nov. 11, 83	South Bend Federal Savings and Loan Association. Fort Wayne Federal Savings and Loan Association American Federal Savings and Loan Association Merged into Standard Federal Savings and Loan Association, Troy, MI	South Bend, IN Fort Wayne, IN Fort Wayne, IN

MERGERS IN WHICH RESULTING INSTITUTION IS A STATE SAVINGS AND LOAN ASSOCIATION

	1979	1980	1981	1982	1983
Merger Applications	1	2	2	0	1
Mergers Approved	0	3	1	1	1
Mergers Denied	0	0	0	0	0
Mergers Completed	0	3	1	1	1

MERGERS IN WHICH RESULTING INSTITUTION IS A FEDERAL SAVINGS AND LOAN ASSOCIATION

	1979	1980	1981	1982	1983
Merger Applications	0	2	5	2	1
Mergers Approved	0	0	3	6	1
Mergers Denied	0	0	0	0	0
Mergers Completed	0	0	3	6	1

CONVERSIONS

	1979	1980	1981	1982	1983
State Mutual to State Stock	0	1	0	1	0
State Stock to State Mutual	0	0	0	0	0
State Charter to Federal Charter	0	0	0	3	1
Federal Charter to State Charter	0	0	0	0	0
Federal Mutual to Federal Stock	0	0	0	0	2
Federal Stock to Federal Mutual	0	0	0	0	0

CONVERSION FROM STATE TO FEDERAL

Date Effective	City	From	To
Jan. 1, 83	Lansing	Union Savings and Loan Association	Union Federal Savings

CONVERSIONS FROM FEDERAL MUTUAL TO FEDERAL STOCK

Date Effective	City	Name of Association
Dec. 7, 83	Detroit	First Federal of Michigan
July 22, 83	Taylor	Guaranty Federal Savings and Loan Association

RELOCATION OF MAIN OFFICE

Date Effective	Name and Location of Association	From	To
Sept. 26, 83	Michigan Savings and Loan Association	413 East Huron Ann Arbor, MI	337 Liberty Street Ann Arbor, MI

ASSOCIATION NAME CHANGES

Date Effective	City	From	To
Sept. 30, 83	Ann Arbor	Michigan Savings and Loan Association	USM Savings and Loan Association
July 25, 83	Monroe	Peoples Federal Savings and Loan Association	Peoples Savings Bank, FSB
Mar. 2, 83	Pontiac	First Federal Savings and Loan Association of Oakland	First Federal Savings Bank and Trust

BRANCH APPLICATIONS

	1979	1980	1981	1982	1983
Branch Applications - Mutual/Capital Stock					
State	7/1	5/1	4/1	3/1	11/12
Federal	35/0	16/0	11/0	0/0	1/0
Branches Approved - Mutual/Capital Stock					
State	9/2	6/1	3/0	3/1	11/12
Federal	28/0	25/0	10/0	1/0	0/0
Branches Denied - Mutual/Capital Stock					
State	0/0	0/0	0/1	0/0	0/0
Federal	0/0	0/0	0/0	0/0	0/0
Branches Opened - Mutual/Capital Stock					
State	11/1	6/1	5/1	0/1	11/12
Federal	22/0	33/0	13/0	5/0	0/0

BRANCH OFFICES ESTABLISHED

Date Effective	Name of Association	City-Main Office	Location of Branch
Jan. 31, 83	Mutual Savings and Loan Association	Bay City	14640 Pardee Taylor, MI
Sept. 30, 83	Mutual Savings and Loan Association	Bay City	[1] 413 East Huron Street Ann Arbor, MI
			[1] 45001 Ford Road Canton, MI
			[1] 2177 West Columbia Battle Creek, MI
			[1] 700 West Norton Avenue Norton Shores, MI
			[1] 5150 Coolidge Highway Royal Oak, MI
June 3, 83	Bloomfield Savings & Loan Association	Birmingham	[2] 1133 Griswold Detroit, MI
			[2] 18211 West McNichols Road Detroit, MI
			[2] 8500 Greenfield Detroit, MI
			[2] 33408 West Five Mile Livonia, MI
			[2] 28999 West Five Mile Livonia, MI
			[2] 26681 Hoover Road Warren, MI
			[2] 8424 East Twelve Mile Warren, MI
			[2] 2270 East 16 Mile Sterling Heights, MI
			[2] 19307 Mack Avenue Grosse Pointe Woods, MI
			[2] 22725 Orchard Lake Road Farmington, MI
Sept. 30, 83	Bloomfield Savings & Loan Association	Birmingham	[3] 27215 Southfield Road Lathrup Village, MI
			[3] 75 West Huron Street Pontiac, MI
Sept. 19, 83	Detroit & Northern Savings & Loan Association	Hancock	1647 West Big Beaver Troy, MI
Oct. 3, 83	Ottawa Savings and Loan Association	Holland	1030 South Washington Avenue Holland, MI
Mar. 28, 83	Security Savings and Loan Association	Jackson	108 West Brooklyn Napoleon, MI
April 11, 83	Security Savings and Loan Association	Jackson	101 Broad Michigan Center, MI
Aug. 8, 83	Security Savings and Loan Association	Jackson	412 North Parma Road Parma, MI

[1] Purchased from Michigan Savings and Loan Association, Ann Arbor
[2] Purchased from Detroit & Northern Savings & Loan Association, Hancock
[3] Purchased from Capitol Federal Savings & Loan Association, Lansing

BRANCH OFFICES ESTABLISHED - Cont.

Date Effective	Name of Association	City-Main Office	Location of Branch
April 1, 83	First Federal Savings and Loan Association of Kalamazoo	Kalamazoo	[4] 134 West Michigan Jackson, MI

[4] Result of merger with First Federal Savings and Loan Association of Jackson, Jackson

BRANCH OFFICES CLOSED

Date Effective	Name of Association	City-Main Office	Location of Branch
Mar. 1, 83	Great Lakes Federal Savings and Loan Association	Ann Arbor	2002 West Grand River Okemos, MI
			721 North Waverly Road Lansing, MI
Mar. 31, 83	Great Lakes Federal Savings and Loan Association	Ann Arbor	101 Downtown Mall Saginaw, MI
July 1, 83	Empire of America, FSA	Southfield	139 Cadillac Square Detroit, MI
Mar. 31, 83	Standard Federal Savings and Loan Association	Troy	6209 Dixie Highway Bridgeport, MI
July 29, 83	Standard Federal Savings and Loan Association	Troy	3100 North Woodward Royal Oak, MI

SAVINGS AND LOAN ASSOCIATIONS AUTHORIZED TO EXERCISE TRUST POWERS (Corporate and Personal)

Date Effective	Name of Association	City
Sept. 13, 82	Peoples Savings and Loan Association of Battle Creek	Battle Creek
July 6, 82	Mutual Savings and Loan Association	Bay City
Aug. 11, 83	Mutual Home Federal Savings and Loan Association	Grand Rapids
July 18, 83	First Federal Savings Bank & Trust	Pontiac
Feb. 10, 83	Family Federal Savings and Loan Association	Saginaw
Oct. 29, 82	Three Rivers Savings and Loan Association	Three Rivers

OFFICE OF POLICY AND CONSUMER AFFAIRS

Murray E. Brown
Deputy Commissioner

POLICY DIVISION

Russell E. LaCoursier
Economic Analyst

Legislative Activities

The division is responsible for analyzing legislation which would affect financial institutions or users of financial services. Each analysis presents the issue, purpose, supporting and opposing arguments, and budgetary impact, and is used by the Executive Office and the Legislature in evaluating legislation. Division employees sometimes testify before legislative committees on bills analyzed by the Bureau. During 1983, the division presented the Bureau's position and provided technical input on bills involving sunset dates on interest rate ceilings, on legislation to increase the interest rate ceiling governing extensions of business credit by certain lenders, and on legislation reducing the frequency of, or eliminating the requirement of filing certain reports.

Major Research Activities

The division completes special research projects at the request of the Commissioner or Deputy Commissioners. In some cases these projects are undertaken in response to requests from legislative committees, the Commerce Director's Office, or the Governor's Office. The division also conducts applied research to enable the Commerce Department to formulate positions on proposed legislation. One major study completed by the division was the Survey of Secondary Mortgage Act Licensees. The Bureau had promised, at the time that the interest rate ceiling on secondary mortgage loans was increased from 15% per year to 18% per year (in December 1982), to conduct a survey of licensees to determine the effect of the increase on lending activity. The study found that the increase in the rate ceiling and the decline in market interest rates below their 1982 levels were major factors accounting for the increased number of licensees and second mortgage loans. The report recommended that the 18% ceiling be extended for a five-year period in order to give licensees more flexibility in making longer term plans.

The division played an important part in the Governor's program to involve the state's depository financial institutions in the venture capital formation process. At year end, details of the program still had not been agreed upon.

Consumer Activities

The division's consumer education function is composed of several facets. Upon request, it provides speakers to address groups; it coordinates the Bureau's handling of consumer complaints and inquiries involving financial institutions; and it publishes brochures and fact sheets on financial topics.

"What You Should Know About Mortgage Escrow Accounts" is the title of a brochure that the division published in 1983, which explains state and federal laws governing mortgage escrows for taxes and insurance premiums. During 1983, the division also updated its table of Michigan statutory

interest rate ceilings on credit to incorporate changes in state and federal laws. In 1984, the division hopes to produce new brochures discussing Michigan's electronic funds transfer law and due-on-sale clauses. Other brochures of the division include "Taking An Interest In Your Savings," "How To Shop For Credit," "Bank Credit Cards and Average Daily Balance," and "Mortgage Redlining -- Your Rights and Responsibilities."

In 1983, the four regulatory divisions and the Policy Division were responsible for responding to consumer questions and concerns about financial institutions and other creditors. These amounted to a total of 1,374 complaints and inquiries. Interest rate related questions accounted for 508 of the total complaints and inquiries handled by the Bureau.

Table I displays, by industry, the number of complaints and inquiries handled by the Bureau in 1982 and 1983. It should be noted that these totals are understated since not all consumer contacts were recorded. Table II indicates by subject the number of complaints and inquiries handled by the Bureau last year. Usury was the most common topic of inquiry, largely due to the confusing array of state and federal loan interest rate ceilings. However, the 1983 total in this category represents a decline of 32.3% from the 1982 total of 750. Due-on-sale clauses, not surprisingly, also drew reduced attention from consumers. The 26 complaints and inquiries received in 1983 amounted to only 40% of the number received in 1982.

Plans for Microcomputer Program During 1983

The division also assumed responsibility for developing and implementing use of microcomputers in examination and other programs within the Financial Institutions Bureau. By year end, the Bureau had acquired two microcomputers and had purchased software packages to assist in developing spread sheet programs that would facilitate financial modeling and analysis.

The Bureau has established a user committee composed of liaison personnel from the regulatory divisions, administrative divisions, and clerical support areas to provide input regarding software needs, projects and priorities. Initial systems efforts will be geared toward examination and financial analysis including spread sheet analysis, simulation and modeling programs.

TABLE I

Number of Complaints and Inquiries Received
By Industry Group

Industry Group	Complaints		Inquiries		Total	
	1982	1983	1982	1983	1982	1983
Banks	213	190	206	156	419	346
Credit Unions	89	116	72	64	161	180
Savings & Loans	41	29	34	14	75	43
Motor Vehicle Licensees	19	12	19	10	38	22
Regulatory Loan Licensees	20	17	8	10	28	27
Secondary Mortgage Licensees	1	3	5	9	6	12
Sale of Checks Licensees	1	0	1	0	2	0
Retailers, Mortgage Companies and Others	83	67	928	677	1,011	744
TOTALS	467	434	1,273	940	1,740	1,374

TABLE II

Most Frequent Types of Complaints and Inquiries
Received During 1983

Category	Complaints	Inquiries	Total
Usury	9	499	508
Institutions' Policies	24	16	40
Credit Cards	24	13	37
NSF and Service Charges	25	11	36
Mortgage Escrow Accounts	19	16	35
Savings Accounts	22	12	34
Share Accounts and Share Drafts	28	4	32

URBAN INVESTMENT DIVISION

Daniel C. Tsai
Acting Director

Richard Redmond
Compliance Examiner

Marian Kummeri
Program Analyst

The Urban Investment Division (UID) was established in 1978 to administer and enforce provisions of Michigan's Anti-Redlining Law (Public Act No. 135 of 1977). This act prohibits geographic discrimination in mortgage and home improvement lending and requires lenders to disclose annually, by census tract or ZIP code, mortgage and home improvement loans, the average contract terms for these loans, and the total number of loan applications denied and the reasons for denial.

In January 1984, the UID published its 1982 annual report. The report, which is the fifth to date, contained analyses of mortgage lending data, the number and disposition of complaints filed with the Bureau, the enforcement of Acts 77-79, 84, 86-88 of 1979 and the activities of voluntary mortgage review boards. The UID analyzed the lending data in relation to demographic and housing characteristics in Michigan's 12 major metropolitan areas including detailed analyses of the cities of Detroit, Pontiac, and Flint. The 1982 report also included a comparison of Michigan mortgage lending volume with that of the nation.

The data revealed that the downward trend in the number and total volume of mortgage loans in Michigan reflected in the 1980 and 1981 reports continued in 1982. In Michigan SMSAs, total 1 to 4 family mortgage lending declined from $3.65 billion in 1979 to $.79 billion in 1982, a decline of 78.4%. Over the same period, nationally, 1 to 4 family mortgage lending fell 48.2% from $187.1 billion to $97.0 billion. The percentage declines in Michigan over the 1980-82 period exceeded comparable national declines and undoubtedly reflected the severity of the economic recession in Michigan.

The Bureau's analysis also showed that during three of the last four years (1979-1982), the conventional mortgage loan foreclosure rates (the number of conventional mortgage loan foreclosures as a percentage of the number of single family structures) in moderate to high minority tracts were lower than the foreclosure rates in low minority tracts for more than half of the SMSAs and cities analyzed. This result is contrary to the perception of some parties who believe that moderate to high minority areas always constitute higher risk. A similar surprising pattern was observed in the foreclosure rates in low income and moderate to high income tracts.

The report stated that a possible explanation for the difference in foreclosure rates could be that lenders had been more conservative in their lending decisions in some high minority and low income areas. These attempts to minimize risk may have resulted in lower foreclosure rates in some high minority and low income areas. Differences among neighborhoods in the number of mortgages outstanding was also cited as a possible explanation.

The report indicated that during the 1979-82 period, the percentages of both conventional and home improvement loan applications denied were higher in moderate to high minority tracts than the corresponding percentages of loan applications denied in low minority tracts for nearly all of the SMSAs and cities analyzed. The report cited the higher denial rate along with the lower foreclosure rate as possibly reflecting more conservative lending policies in moderate to high minority and low income areas than in other areas. The data strongly suggested that lenders employed different lending standards in moderate to high minority and low income areas from those used in low minority and

higher income areas. This indicated a need for more in-depth analysis in the areas where the disparity existed to determine whether the data reflect discriminatory lending practices. (This matter will be brought before the Community Investment Advisory Committee (CIAC) to see if more effective approaches to enforce the act could be implemented, or alternative approaches to make more mortgage money available in high minority and low income areas.)

During 1982, the Bureau responded to three complaints filed pursuant to the act. Two of the complaints were filed against mortgage companies, while the third complaint involved a state-chartered bank. The investigations conducted by the Bureau did not uncover evidence to support the allegations raised in the complaints, and the complaints were subsequently dismissed. The Bureau's limited complaint experience could be partially attributed to the volume of complaints handled by voluntary mortgage review boards (VMRBs). During 1982, VMRBs responded to 30 complaints filed pursuant to the act. The Detroit Mortgage Review Committee responded to 27 complaints, or 90% of all complaints filed.

The CIAC, which was formed in 1980, advises the Commissioner on methods to improve the Mortgage Anti-Redlining Annual Report and suggests ways to make the Bureau's urban investment program more effective. Representatives of financial institutions, trade associations, local and statewide housing organizations, labor unions, and consumer protection agencies serve on the CIAC. Since taking office, Commissioner Kuthy has met with the CIAC on three occasions. At the July 1983 meeting, Commissioner Kuthy outlined the role of the CIAC as follows: 1) to review and evaluate the mortgage anti-redlining annual reports as to content and format in order to make recommendations for future reports; 2) to assist the Bureau to interpret the reports' findings on mortgage lending activities; 3) to make recommendations on the enforcement responsibilities of the Bureau regarding Public Act 135 of 1977 and Public Acts 77-79, 84, 86-88 of 1979 (Proposal C legislation); 4) to make recommendations on how the Bureau can work with community groups to get financial institutions to make more mortgage and home improvement loans available in older, urban neighborhoods; 5) to make recommendations as to the proper role of voluntary mortgage review boards in handling anti-redlining complaints and playing a meaningful role in urban reinvestment; and 6) to work with housing coalition groups in achieving the objective of obtaining more federal and state funds for urban reinvestment.

The July meeting included discussion of current budget developments affecting the anti-redlining program, previously presented suggestions to improve the annual report, how the annual report could be utilized by other state agencies in targeting areas for reinvestment, and a special loan program offered by a national bank pursuant to section 4 of the act.

During subsequent meetings, the committee discussed methods to improve the annual report and changes which would make state disclosure requirements more compatible with federal requirements. The committee recommended certain changes in the annual report, of which the Bureau adopted the following; 1) the title of the annual report was changed to "Mortgage and Home Improvement Lending in Michigan Pursuant to the Anti-Redlining Act" along with other changes in report headings and formats; 2) a list of the census tract numbers designated as low income areas and moderate to high minority areas were included in the 1982 annual report. Currently under consideration by the CIAC is the format of the ranking tables in the reports which ranks lenders based on their lending activities in moderate to high minority and low income census tracts. The CIAC is looking at ways to make the rankings more meaningful and understandable.

In the discussion of changes to make state disclosure requirements more compatible with federal requirements, the CIAC recommended that PA 135 be amended to require calendar year rather than fiscal year disclosure. The CIAC also recommended that state-chartered savings and loan associations be allowed to file the Federal Home Loan Bank Board loan application register in lieu of the FIB-132 disclosure form.

Commissioner Kuthy has expanded the CIAC from 12 to 16 members. Below is a current list of the members of the Advisory Committee:

Richard Baker, Statewide Coalition on Redlining and Neighborhoods
John Burmeister, Union Federal Savings
Richard Clifton, Security Savings and Loan Association
Linda Ewing, AFL-CIO
Mary Fowlie, Standard Federal Savings and Loan Association
Frank Garrison, United Auto Workers Union
Vicki Gillette, Michigan Housing Coalition
Larry Kish, Michigan Credit Union League
Michael Markovich, Lomas & Nettleton
Mittie Olion, New Detroit, Inc.
Jim Paquet, Michigan Consumers Council
Brandon Rogers, Brandon M. Rogers & Associates
Brenda Schneider, Manufacturers National Bank of Detroit
Wallace Tupper, Hillsdale State Savings Bank
Patricia Valerius, League of Women Voters
Daniel S. Voydanoff, National Bank of Detroit

CONSUMER FINANCE DIVISION

John W. Drury
Director

Michael Gomez
Examiner

William F. Spaleny
Examiner

Todd C. Troutman
Examiner

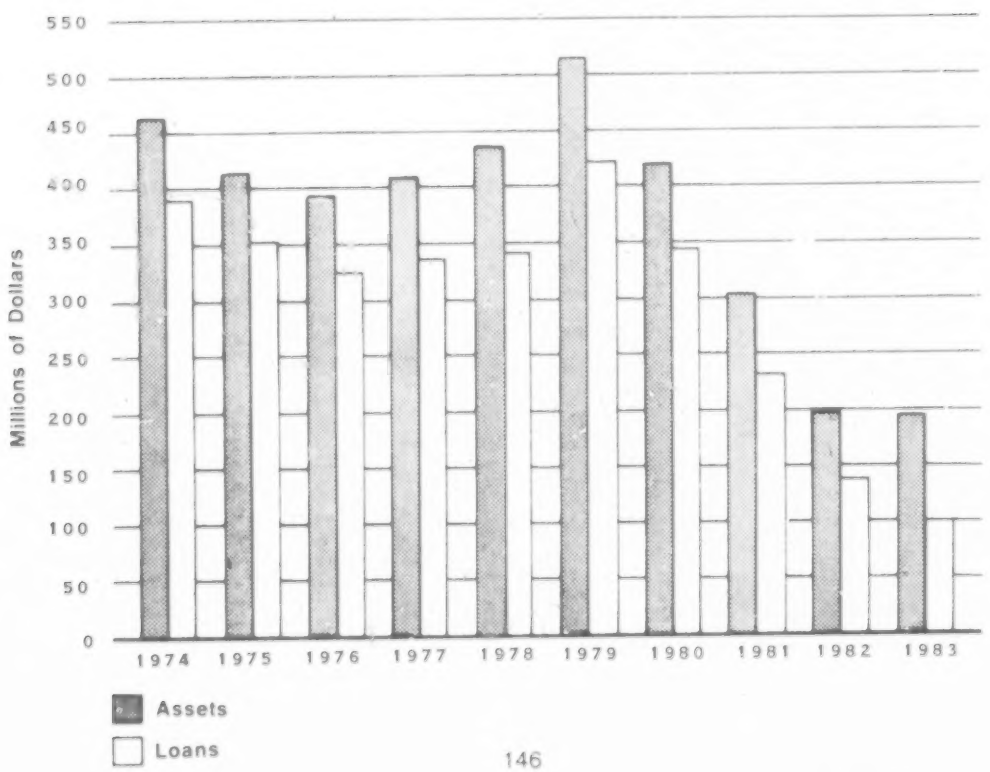
Regulatory Loan Act

The decline of the regulatory loan industry slowed in 1983. During the year, 19 licenses were cancelled and three were issued, leaving 88 licensees at the end of the year, down from 104 at year-end 1982. This year, the net earnings of the industry were in the black for the first time since 1978. This can be attributed mainly to consolidation of operations and a reduction in the cost of funds to the licensees.

In 1983, the staff conducted 91 examinations of regulatory loan licensees. Examiners found overcharges of $76,900 which were returned to borrowers.

Legislation was signed into law revising the annual reporting requirements beginning in 1984. On June 30, 1983, House Bill 4423 was signed into law (PA 103). The amendment reduced the frequency of reports which regulatory loan licensees must file with the Commissioner from annually to triennially. The report will cover in full the business and operations during the preceding three-year period. Each licensee, however, is still required annually to file an abbreviated financial statement, including information on earnings for the previous fiscal year. This financial statement is considerably shorter than the previous annual report.

COMPARATIVE CHART OF ASSETS AND LOANS
OF REGULATORY LOAN LICENSEES IN MICHIGAN



Secondary Mortgage Act

In 1983, 70 new licenses were issued under the Secondary Mortgage Act. Lending activity increased steadily throughout the year.

Two amendments to the act were signed into law during the year. The first amendment was technical and clarified language relative to the changes allowed under the statute. In the final days of the 1982 legislative session, Senate Bill 839, which increased the rate ceiling from 15% to 18% per year, was signed into law (PA 361). As originally drafted, PA 361 provided for a one-year sunset date, with the rate ceiling scheduled to revert to 15% per year on December 31, 1983. Because of the ambiguous wording of PA 361, questions were raised about the intent of the Legislature as to the effect of the December 31, 1983 expiration date. It was unclear whether the Legislature intended that contracts executed after the effective date of PA 361 and on or before December 31, 1983 could be at the maximum rate of 18% per year for the duration of the contract. The Bureau issued a declaratory ruling on January 13, 1983, indicating that it viewed PA 361 as permitting the rates on contracts entered into on or before December 31, 1983, at rates up to 18% per annum to apply for the duration of the contract. On May 12, 1983, Senate Bill 157 was enacted (PA 43). PA 43 clarified the intent of the Legislature by providing that any contract executed on or before December 31, 1983 could bear an interest rate of up to 18% per year for the duration of the contract. The second amendment extended the sunset date for the 18% interest ceiling from December 31, 1983 to December 31, 1984.

The Bureau conducted a survey of all licensees as of June 30, 1983, as to loans made in 1982 and through June of 1983. There were 72 licensees involved in the survey. Loans of over $10.5 million were made during the first six months of 1983 as opposed to just over $3 million of loans made during all of 1982. For further details, see Policy Division narrative.

Examiners examined 25 licensees and discovered overcharges of $2,290 which were refunded to borrowers.

Motor Vehicle Sales Finance Act

The Motor Vehicle Sales Finance Act provides for the licensing and examination of motor vehicle dealers which enter into installment contracts with purchasers of motor vehicles and of sales finance companies which purchase installment contracts from dealers. At year-end 1983, there were 1,746 installment sellers, down slightly from 1,764 in 1982, 244 licensed sales finance companies, and 1,693 state and national bank offices licensed as sales finance companies.

Only one installment seller and one sales finance company were examined during 1983. Examinations have not been regularly scheduled due to budgetary cutbacks. An amendment to the act, effective on December 2, 1983, permanently removed the sunset provision on the interest ceilings specified in the act.

Sale of Checks Act

The Sale of Checks Act regulates the sale of money orders and travelers checks by entities other than depository institutions. At year-end 1983, 15 firms were licensed under the act. These 15 licensees had 5,584 agents which during the year sold 22,841,126 checks totalling $1.3 billion. The division conducted three examinations during the year. There were four new licenses issued and five cancelled during the year.

On December 14, 1983, the Commissioner issued a notice of revocation ordering Metro Express Money Order Corporation of Southfield to immediately cease and desist from any further sale of money orders through any of its outlets or agents. The order was issued in response to documented reports that money orders presented to the Michigan State Treasurer and certain Detroit area utilities were returned because of a lack of sufficient funds in the bank to pay the checks. Metro Express later voluntarily surrendered its license because it no longer

wished to continue in the business of selling money orders. The Bureau has been working closely with the Attorney General and with Metro Express to ensure that all money orders in the hands of the public are honored without undue delay and inconvenience to the public. The Commissioner has indicated that a special advisory committee will be established to recommend changes in the act, which has not been amended since its enactment in 1960. For more details on this committee, refer to the Executive Summary on page 9.

CONSOLIDATED BALANCE SHEET

Regulatory Loan Licensees

(000's Omitted)

	December 31, 1982 104 Licensees	December 31, 1983 88 Licensees	Percent Increase (Decrease)
ASSETS			
Cash on hand and in banks	$ 721	$ 654	(9.3%)
Loans receivable	138,111	100,331	(27.4)
Real estate (less depreciation)	244	0	(100.0)
Furniture, fixtures and equipment (less depreciation)	444	0	(100.0)
Deferred charges and prepaid expenses	98	117	19.4
Other assets	991	594	(40.1)
Total Assets used in Regulatory Loan Business	140,609	101,696	(27.7)
Other Assets not used in Regulatory Loan Business	55,343	89,298	61.4
TOTAL ALL ASSETS	$195,952	$190,994	(2.5)
LIABILITIES AND CAPITAL			
Accounts and notes payable:			
Banks	$ 5,387	$ 6,415	19.1%
Due parent company or affiliate	63,413	38,409	(39.4)
Other short term notes and accounts	10,060	10,049	(0.1)
Bonds and long term notes	6,777	6,325	(6.7)
Other Liabilities:			
Accrued expenses	1,585	468	(70.5)
Dealer reserves	1,262	780	(38.2)
Other	4,791	1,581	(67.0)
Expense reserves:			
Reserves for licenses and taxes	(147)	148	(200.7)
Other expense reserves	79	1,296	1,540.5
Reserve for bad debts	4,909	2,047	(58.3)
Branch office capital	85,215	109,699	28.7
Net worth	198	648	227.3
Capital Stock:			
Preferred	915	817	(10.7)
Common	1,890	1,733	(8.3)
Appropriated surplus or capital reserves	2,760	4,377	58.6
Earned surplus (including undivided profits)	6,858	6,202	(9.6)
TOTAL LIABILITIES AND CAPITAL	$195,952	$190,994	(2.5)

CONSOLIDATED STATEMENT OF OPERATIONS

Regulatory Loan Licensees

(000's Omitted)

	1982	1983	Percent Increase (Decrease)
INCOME			
Charges collected and/or earned	$ 30,647	$ 19,201	(37.3%)
Collections on accounts previously charged off	1,125	1,838	63.4
Net income from credit insurance	166	0	(100.0)
Other income	529	3,220	508.7
Total income derived from Regulatory Loan Business	$ 32,467	$ 24,259	(25.3)
EXPENSE			
Advertising	$ 176	$ 554	214.8%
Amortization	58	0	(100.0)
Auditing	49	49	---
Bad debts:			
Charge offs	3,570	2,770	(22.4)
Additions to reserve for bad debts	6,736	1,593	(76.4)
Depreciation (furniture, fixtures and equipment)	169	79	(53.3)
Insurance and fidelity bonds	80	83	3.8
Interest on borrowed funds	16,074	5,711	(64.5)
Legal fees and disbursements	583	456	(21.8)
Postage and express	518	327	(36.9)
Printing, stationery and supplies	243	276	13.6
Rent, heat, light and janitor services	1,148	738	(35.7)
Salaries	7,155	4,948	(30.8)
Home office, parent company or management allocated charges	3,878	4,144	6.9
Licenses and taxes other than on income	543	285	(47.5)
Telephone and telegraph	703	490	(30.3)
Travel, automobile expense and allowance	249	142	(43.0)
Other expenses	1,267	816	(35.6)
Less total expenses of conducting Regulatory Loan Business (excluding income taxes)	$ 43,199	$ 23,461	(45.7)
Income before income taxes	$(10,732)	$ 798	(107.4)
Less income taxes	(4,492)	272	(106.1)
Net income derived from Regulatory Loan Business	$ (6,240)	$ 526	(108.4)
Total income derived outside Regulatory Loan Business	$ 13,424	$ 15,625	16.4
Less expense (including interest on borrowed funds and income taxes)	12,024	14,162	17.8
Net income outside Regulatory Loan Business	$ 1,400	$ 1,463	4.5
NET INCOME	$ (4,840)	$ 1,989	(141.1)

COMPARATIVE STATISTICAL DATA

Regulatory Loan Licensees

1974 - 1983

Year	Total Regulatory Loan Licenses	National Companies (1 or more offices)	Domestic Companies (1 or more offices)	New Licenses	Licenses Cancelled	Assets*	Loans* Outstanding	Reserve for Bad Debts*	Average Number of Open Accounts	Average Annual Expense per Account
1974	550	N/A	N/A	16	N/A	$464,894	$391,383	$11,748	497,916	$105.00
1975	461	N/A	N/A	73	N/A	410,714	349,687	10,869	452,205	112.89
1976	415	N/A	N/A	12	N/A	391,028	326,921	9,753	396,373	115.87
1977	387	329	58	12	40	408,419	332,526	9,788	376,552	113.88
1978	375	321	54	43	55	435,085	341,166	9,557	379,271	112.98
1979	350	303	47	29	54	515,063	422,111	10,885	365,658	127.37
1980	271	229	42	23	102	420,187	342,213	8,370	329,028	129.81
1981	165	133	32	2	108	303,003	231,386	6,502	261,054	121.82
1982	104	76	28	8	69	195,952	138,111	4,909	161,560	140.09
1983	88	62	26	3	19	190,994	100,331	2,047	102,758	175.39

*(000's Omitted)

COMPARATIVE SUMMARY OF LOANS OUTSTANDING AND EARNINGS

Regulatory Loan Licensees

1970 - 1983

(000's Omitted)

Year	Number of Licensees	Loans Outstanding December 31	Average Invested Assets	Total Gross Earnings	Net Earnings Before Interest Paid	Gross Earnings to Average Invested Assets	Net Earnings* to Average Invested Assets	Net Earnings**	Net Earnings** to Average Invested Assets
1970	626	$346,625	$365,306	$72,396	$19,092	19.81%	5.23%		
1971	595	332,115	381,379	69,991	21,634	18.35	5.67		
1972	597	395,161	397,046	74,381	23,991	18.73	6.04		
1973	593	412,374	433,592	81,820	30,272	18.64	6.98		
1974	550	391,783	445,643	83,432	31,116	18.72	6.98		
1975	461	349,687	406,339	74,904	23,853	18.43	5.87		
1976	415	326,921	356,701	68,222	22,292	19.13	6.25		
1977	387	332,526	351,956	67,324	24,442	19.13	6.94	$2,113	0.60%
1978	375	341,166	358,333	69,277	26,427	19.33	7.38	1,523	0.42
1979	350	422,111	401,148	77,141	31,298	19.23	7.80	(1,322)	(0.33)
1980	271	342,213	402,574	74,500	31,790	18.51	7.90	(5,332)	(1.32)
1981	165	231,386	302,724	56,803	25,001	18.76	8.26	(8,311)	(2.75)
1982	104	138,111	177,188	32,466	9,834	18.32	5.55	(6,240)	(3.52)
1983	88	100,331	109,377	24,259	6,237	22.18	5.70	526	0.48

*Before interest paid
**After interest paid.

AVERAGE INVESTED ASSETS - BASE FOR DETERMINING PROFIT PERCENTAGES

Regulatory Loan Licensees

	1982	1983
Total assets	$135,699,977	$ 99,648,803
Total assets from home office	10,048,408	11,475,439
Other assets	-0-	-0-
Total	$145,748,385	$111,124,242
Average invested assets	$177,188,380	$109,377,080
Percent of gross earnings derived from Regulatory Loan Business to average invested assets	18.32%	22.18%
Percent of net earnings derived from Regulatory Loan Business, before deducting gross cost of borrowed funds, to average invested assets	5.55%	5.70%

ANALYSIS OF EXPENSE PER ACCOUNT

Regulatory Loan Licensees

	1982	1983
	Loans $3,000 or less	Loans $3,000 or less
Total operating income	$ 32,466,396	$ 24,259,358
Less: Net income before deducting interest on borrowed funds	9,834,158	6,236,941
Total expenses of conducting Regulatory Loan Business	$ 22,632,238	$ 18,022,417
Average number of accounts	161,560	102,758
Average annual expense per account	$ 140.09	$ 175.39
Average monthly expense per account	$ 11.67	$ 14.62

ANALYSIS OF LOANS BY SIZE - 1983

Regulatory Loan Licensees

	Number of Accounts	Percent of Total	Amount	Percent of Total
Loans made during year:				
Loans of $500.00 or less	6,478	10.9%	$ 2,107,417	2.5%
Loans of $500.01 to $1,000.00	12,723	21.5	8,914,164	10.2
Loans of $1,000.01 to $2,000.00	21,498	36.1	30,326,812	34.8
Loans of $2,000.01 to $3,000.00	18,750	31.5	45,681,421	52.5
Total loans of $3,000.00 or less made during year	59,499	100.0%	$87,029,814	100.0%

ANALYSIS OF LOANS BY TYPES OF SECURITY

Regulatory Loan Licensees

	1979		1980		1981		1982		1983	
	Accounts	Amount*	Accounts	Amount*	Accounts	Amount*	Accounts	Amount*	Accounts	Amount*
Chattel mortgages on household goods	190,113	$326,258	86,731	$141,960	35,965	$ 57,381	12,507	$18,721	20,902	$34,321
Automobiles	29,362	50,533	20,398	32,317	13,587	21,087	11,394	17,209	15,020	24,422
Other chattels	21,926	27,538	11,459	13,166	5,547	6,498	3,665	4,625	4,346	6,296
Unsecured notes	49,702	45,935	25,583	21,924	18,201	15,428	10,582	9,350	17,723	20,716
Endorsed and/or co-maker notes	8,312	8,107	4,339	3,904	2,285	1,972	1,255	990	1,508	1,274
Wage assignments	27,876	30,747	13,832	15,671	2,142	2,326	4	5	N/A	N/A
Other considerations	1,698	2,413	1,512	2,371	786	1,269	298	509	N/A	N/A
Totals	328,989	$491,531	163,854	$231,313	78,513	$105,961	39,705	$51,409	59,499	$87,029

*(000's Omitted)

DELINQUENT ACCOUNTS

Regulatory Loan Licensees

	1979	1980	1981	1982	1983
Accounts					
Two months	8,879	8,649	6,041	5,629	2,448
Three months or more	10,822	11,718	9,446	8,058	4,586
Totals	19,701	20,367	15,487	13,687	7,034
Amount*					
Two months	$ 8,157	$ 7,828	$ 5,233	$ 4,551	$1,975
Three months or more	9,209	11,053	8,581	6,754	3,483
Totals	$17,366	$18,881	$13,814	$11,305	$5,458
Percentage of Total Unpaid Balances					
Two months	.02%	.02%	.02%	.03%	.02%
Three months or more	.02	.03	.04	.05	.03
Totals	.04%	.05%	.06%	.08%	.05%

*(000's Omitted)

CREDIT LIFE INSURANCE

Regulatory Loan Licensees

	1979	1980	1981	1982	1983
Loans made during the year:					
Number	128,989	163,854	78,513	39,705	59,499
Amount*	$491,531	$231,313	$105,961	$51,609	$87,029
Loans insured during the year:					
Number	110,260	134,049	73,356	20,518	23,209
Amount*	$465,480	$218,869	$ 98,894	$21,566	$28,344

*(000's Omitted)

EXAMINATIONS, VIOLATIONS AND COMPLAINTS

Regulatory Loan Licensees

	Examinations	Violations of Laws Detected During Examinations	Violations of Rules Detected During Examinations	Consumer Complaints
1978	383	700	500	41
1979	328	470	360	42
1980	225	450	400	145
1981	190	465	480	70
1982	151	304	341	32
1983	93	160	212	13

SECONDARY MORTGAGE LICENSEES

	1982	1983
Number of licensees	19	82
Number of new licenses issued	22	70
Number licenses cancelled	3	7
Number of examinations conducted	2	25
Number of complaints	0	2

SALE OF CHECKS LICENSEES

	1979	1980	1981	1982	1983
Number of licenses	15	16	18	16	15
Number of new licenses issued	4	1	4	0	4
Number of checks sold	9,627,392	16,775,050	22,372,120	16,618,857	22,841,126
Amount of checks sold	$557,577,673	$879,789,516	$1,201,467,520	$1,018,836,854	$1,285,368,252
Number of examinations	1	0	1	2	3

MOTOR VEHICLE LICENSEES

	1979	1980	1981	1982	1983
Number of sales finance licenses	1,789	1,974	1,929	1,891	1,937
Number of installment seller licenses	2,286	2,189	1,966	1,764	1,746
Number of new sales finance licenses issued	240	121	104	60	119
Number of new installment seller licenses issued	238	205	148	138	170
Number of complaints	27	118	47	24	7

REGULATORY LOAN LICENSEES AS OF DECEMBER 31, 1983

Name of Licensee	City
American Fletcher Financial Services, Inc.	Adrian
Household Finance Corporation	Adrian
Town Finance Company, Inc.	Albion
Household Finance Corporation	Allen Park
American Fletcher Financial Services, Inc.	Battle Creek
FinanceAmerica Corporation	Battle Creek
Household Finance Corporation	Battle Creek
Michigan Loan Company of Battle Creek	Battle Creek
Household Finance Corporation	Bay City
Community Finance Company	Benton Harbor
Town Finance Company, Inc.	Big Rapids
Household Finance Corporation	Burton
Oliver Credit Corporation	Burton
Oliver Credit Corporation	Caro
Town Finance Company, Inc.	Charlotte
American Fletcher Financial Services, Inc.	Coldwater
General Finance Corporation of Michigan	Dearborn
Household Finance Corporation	Dearborn
Vernick Finance Company, dba Vernick Financial Services, Inc.	Dearborn Heights
Advance Finance Corporation	Detroit
Ardmore Finance Company	Detroit
General Finance Corporation of Michigan (2 offices)	Detroit
Household Finance Corporation	Detroit
Modern Finance Corporation	Detroit
American Fletcher Financial Services, Inc.	Dowagiac
General Finance Corporation of Michigan	East Detroit
Household Finance Corporation	East Detroit
Household Finance Corporation	Farmington
General Finance Corporation of Michigan	Ferndale
BarclaysAmerican/Financial, Inc	Flint
Baxter Finance Corporation	Flint
Household Finance Corporation	Flint
Smith Loans, Inc.	Flint
Walter C. Wylie & Co.	Flint
FinanceAmerica Corporation	Flushing
Kearney Credit Incorporated	Fraser
Walter C. Wylie & Co.	Garden City
American Fletcher Financial Services, Inc.	Grand Rapids
FinanceAmerica Corporation	Grand Rapids
Walter C. Wylie & Co.	Hancock
American Fletcher Financial Services, Inc.	Hillsdale
American Fletcher Financial Services, Inc.	Holland
Town Finance Company, Inc.	Holland
Oliver Credit Corporation	Howell
Walter C. Wylie & Co.	Ishpeming
General Finance Corporation of Michigan	Jackson
Household Finance Corporation	Jackson
FinanceAmerica Corporation	Kalamazoo
General Finance Corporation of Michigan	Kalamazoo
FinanceAmerica Corporation	Lansing
General Finance Corporation of Michigan	Lansing
Household Finance Corporation	Lansing
Oliver Credit Corporation	Lansing
Oliver Credit Corporation	Lapeer
Ude Loans, Inc.	Lapeer
FinanceAmerica Corporation	Livonia
General Finance Corporation of Michigan	Livonia
Household Finance Corporation	Livonia
Walter C. Wylie & Co.	Marquette
Household Finance Corporation	Monroe
Household Finance Corporation	Mt. Clemens
Household Finance Corporation	Muskegon
Muskegon Loan Co.	Muskegon
American Fletcher Financial Services, Inc.	Paw Paw
C.I.T. Financial Services, Inc. of Michigan	Pontiac
Household Finance Corporation	Pontiac
Household Finance Corporation	Portage
Household Finance Corporation	Port Huron
Capital Acceptance Corporation	Redford
Riverview Finance Company	Riverview
Household Finance Corporation	Roseville
General Finance Corporation of Michigan	Royal Oak
Household Finance Corporation	Royal Oak
General Finance Corporation of Michigan	Saginaw

REGULATORY LOAN LICENSEES - Cont.

Name of Licensee	City
Household Finance Corporation	Saginaw
General Finance Corporation of Michigan	St. Clair Shores
Walter C. Wylie & Co.	Sault Ste. Marie
Household Finance Corporation	Sterling Heights
Trenton Loan Company	Trenton
FinanceAmerica Corporation	Troy
General Finance Corporation of Michigan	Utica
Household Finance Corporation	Westland
General Finance Corporation of Michigan	Wyandotte
General Finance Corporation of Michigan	Wyoming
Household Finance Corporation	Wyoming
Household Finance Corporation	Ypsilanti
Quality Credit Company of Zeeland, Michigan, Inc.	Zeeland

SECONDARY MORTGAGE LICENSEES AS OF DECEMBER 31, 1983

Name of Licensee	City
American Fletcher Financial Services, Inc.	Adrian
Household Realty Corporation	Adrian
Town Finance Company, Inc.	Albion
Household Realty Corporation	Allen Park
American Fletcher Financial Services, Inc.	Battle Creek
FinanceAmerica Corporation	Battle Creek
Household Realty Corporation	Battle Creek
Household Realty Corporation	Bay City
Andrews University	Berrien Springs
Town Finance Company, Inc.	Big Rapids
Household Realty Corporation	Burton
Oliver Credit Corporation	Burton
Town Finance Company, Inc.	Charlotte
American Fletcher Financial Services, Inc.	Coldwater
General Finance Corporation of Michigan	Dearborn
Household Realty Corporation	Dearborn
Vernick Finance Company	Dearborn Heights
Atlantic Mortgage Corporation	Detroit
General Finance Corporation of Michigan	Detroit
Household Realty Corporation	Detroit
American Fletcher Financial Services, Inc.	Dowagiac
General Finance Corporation of Michigan	East Detroit
Household Realty Corporation	East Detroit
Associates Financial Services Company, Inc.	Elkhart, IN
Household Finance Corporation	Elkhart, IN
Household Realty Corporation	Farmington
John Adams Mortgage Company	Farmington Hills
General Finance Corporation of Michigan	Ferndale
Household Realty Corporation	Flint
FinanceAmerica Corporation	Flushing
Kearney Credit Incorporated	Fraser
American Fletcher Financial Services, Inc.	Grand Rapids
Citizens Plan, Inc.	Grand Rapids
FinanceAmerica Corporation	Grand Rapids
Household Finance Corporation of Wisconsin	Green Bay, WI
American Fletcher Financial Services, Inc.	Hillsdale
American Fletcher Financial Services, Inc.	Holland
Town Finance Company, Inc.	Holland
General Finance Corporation of Michigan	Jackson
Household Realty Corporation	Jackson
FinanceAmerica Corporation	Kalamazoo
General Finance Corporation of Michigan	Kalamazoo
FinanceAmerica Corporation	Lansing
General Finance Corporation of Michigan	Lansing
Household Realty Corporation	Lansing
Associates Financial Services Company, Inc.	La Porte, IN
FinanceAmerica Corporation	Livonia
General Finance Corporation of Michigan	Livonia
Household Realty Corporation	Livonia
Household Finance Corporation	Michigan City, IN
Associates Financial Services Company, Inc.	Mishawaka, IN
Household Finance Corporation	Mishawaka, IN
Household Realty Corporation	Monroe

SECONDARY MORTGAGE LICENSEES - Cont.

Name of Licensee	City
Household Realty Corporation	Mt. Clemens
Household Realty Corporation	Muskegon
American Fletcher Financial Services, Inc.	Paw Paw
Kasco Mortgage Corporation	Pleasant Ridge
C. I. T. Financial Services, Inc. of Michigan	Pontiac
Household Realty Corporation	Pontiac
Household Realty Corporation	Portage
Household Realty Corporation	Port Huron
Household Realty Corporation	Roseville
General Finance Corporation of Michigan	Royal Oak
Household Realty Corporation	Royal Oak
General Finance Corporation of Michigan	Saginaw
Household Realty Corporation	Saginaw
General Finance Corporation of Michigan	St. Clair Shores
Associates Financial Services Company, Inc.	South Bend, IN
Household Finance Corporation	South Bend, IN
Allstate Enterprises, Inc.	Southfield
Merrill Lynch Mortgage Corporation	Stamford, CT
Household Realty Corporation	Sterling Heights
Associates Financial Services Company, Inc.	Toledo, OH
Household Finance Loan Corporation of Ohio	Toledo, OH
Household Finance Loan Corporation of Ohio	Toledo, OH
FinanceAmerica Corporation	Troy
General Finance Corporation of Michigan	Utica
Household Realty Corporation	Westland
General Finance Corporation of Michigan	Wyandotte
General Finance Corporation of Michigan	Wyoming
Household Realty Corporation	Wyoming
Household Realty Corporation	Ypsilanti

OFFICE OF ADMINISTRATION

Philip F. Rooney
Director

It is the function of the Office of Administration to direct, implement and monitor all of the Bureau's financial and personnel activities. Major administrative support units responsible to the director are the Automated Systems Division and the Reporting and Publications Division.

REPORTING AND PUBLICATIONS DIVISION

Edward H. Wichman
Director

Frederick L. Dunnebacke
Report Analyst

Nancy J. Marquardt
Publications Coordinator

The Reporting and Publications Division is responsible for reviewing and processing Reports of Condition and Income of state banks, monitoring state bank reserve requirements, developing Bureau reports and publications, assessing bank examination fees, administering the micrographics, forms control, records retention and disposal programs and providing assistance to the Director of the Office of Administration concerning internal operations and special projects. The division also handles inquiries and requests for statistical and financial information relating to state-regulated financial institutions.

Reports

State-chartered banks are required by the Commissioner to provide the Bureau with periodic Reports of Condition and Income. These reports are used to evaluate and monitor an institution's performance and to assess such factors as capital adequacy, asset quality, liquidity and growth. The reports also aid in the evaluation and review of branch applications.

State-chartered banks which are not members of the Federal Reserve System are required by statute to maintain legal reserves and submit a Bi-Weekly Report of Reserves to the Bureau. These reports are reviewed by the division for correctness and compliance with the Michigan Banking Code. Proposed legislation (House Bill 4125) calling for the repeal of state-required reserves (Section 207 of the Banking Code) was passed by the House in 1983 and is now in Senate Committee. This legislation was introduced at the request of the Bureau because state reserve requirements are now duplicative of reserve requirements imposed on all depository institutions by the Federal Reserve Board.

Other reports reviewed and processed by the division include the Annual Report of Trust Assets submitted by state-chartered banks and Safe and Collateral Deposit Company Annual Reports.

Publications

The Annual Report of the Financial Institutions Bureau is published each calendar year and provides statistical and financial information summarizing the activities of the Bureau and the financial condition and operations of state-regulated institutions. Major developments and trends in financial

regulation are also summarized. In addition to the annual report, an Abstract of Reports of Condition and Income of State Banks is published as of June 30 each year. The division obtains much of the bank financial data appearing in the annual report and abstract from the FDIC through an "on-line" computer terminal.

Another publication issued by the division is a printing of the Michigan Banking Code of 1969 and amendments. This loose-leaf edition of the code contains bank laws relating to state-chartered banks and includes sections on commissioner's rules and bank bulletins. Subscribers to this publication receive amendments to the code, commissioner's rules and bank bulletins as they become effective.

Statutory Bank Fees

Bank fees for annual examinations, excess examination hours, second examinations and penalties for late reporting are assessed and collected by the division in accordance with the provisions of the Banking Code.

Forms Control

During 1983 the Bureau established a forms control program to implement the provisions of Public Act 133 of 1982 (Paperwork Reduction Act).

It was determined from analysis of the Bureau's 237 public business forms that 124 forms could be eliminated by applying standards and techniques provided by the Governor's paperwork reduction task force and Department of Management and Budget.

By focusing on the 124 forms having the greatest potential for elimination, the Bureau has thus far discontinued 100 of its 237 forms. Of the remaining 137 forms, 13 have been completely redesigned and the remainder are scheduled for redesign or elimination by December 31, 1984.

Micrographics Program

The Micrographics Unit was established by the division as a result of the growing volume of records which must be maintained by the Bureau to carry out its regulatory responsibilities. The conversion of Bureau records to microfilm has resulted in a more manageable and efficient storage and retrieval system. In addition, the microfilmed records have provided a more secure means of retaining confidential material. Duplicate copies of all microfilmed records produced by the unit are stored off-site for optimum security where they serve as a back-up to the Bureau's working file.

AUTOMATED SYSTEMS DIVISION

Paul A. Tautkus
Director

Patricia K. Marson
ADP Examiner

Terry L. Hassell
ADP Examiner

Responsibilities of the Automated Systems Division include evaluating security and control of data processing centers serving financial institutions, assisting in the development and implementation of computer programs and systems used by the Bureau, and training Bureau personnel in the use of automated data processing facilities.

Computer Center Evaluations

The data center evaluation program was resumed by the Bureau in 1981. During calendar year 1983, 28 computer center evaluations were conducted.

The purpose of an evaluation is to bring to

the attention of management of a financial institution areas in data processing operations where exposure exists which could lead to incorrect, interrupted or discontinued processing. This evaluation does not ascertain the validity of system design, programming or information on file. The Federal Financial Institutions Examination Council's EDP Examination Handbook is used as a guide for the evaluation process.

The division will continue to devote most of its resources to the evaluation program in 1984 and has projected that 30 evaluations will be completed. Also, follow-up visitations will be conducted. Scheduling of evaluations will be coordinated with the Federal Deposit Insurance Corporation (FDIC), Federal Reserve System, National Credit Union Administration and the Bureau's Bank and Trust, Credit Union, and Savings and Loan divisions. The division alternates its evaluations of data centers or performs evaluations jointly with the federal regulatory agencies. This eliminates duplicate evaluations by the Bureau and federal agencies.

Computer Systems

Automated Examination Systems (AES):

Under the AES program, certain credit unions periodically submit computer tapes containing relevant information on loans, and share and deposit accounts. The data are analyzed using the Bureau's computer programs to consolidate information on loan delinquencies, interest charges on loans and other pertinent information. This program permits the Bureau to conduct on-site examinations of participating credit unions more thoroughly and efficiently. The program has operated successfully for eight years.

Financial Institutions Bureau Identification File (FIBI):

A variety of information concerning regulated financial institutions is maintained on this file and is used to produce reports and listings which once were prepared manually. It is used to automate the printing of renewal notices and licenses, and some internal record keeping procedures for installment seller licensing.

Automated Annual Report System (AARS):

This system is used to edit and store information from annual and semi-annual reports submitted by financial institutions.

Various management reports are produced using combined information from FIBI and AARS. During 1983, the capability was added to capture and edit the annual reports on-line.

OFFICE PERSONNEL

As of April 30, 1984

EUGENE W. KUTHY	COMMISSIONER
Peggy Bryson	Assistant to the Commissioner
Marcia Wohlscheid	Executive Secretary
RUSSELL S. KROPSCHOT	Chief Deputy Commissioner
Kathleen Simon	Executive Secretary
Diana Burns	Secretary
Theresa Wing	Secretary

OFFICE OF REGULATION

GARY K. MIELOCK	Deputy Commissioner

Bank and Trust Division

Gifford Knudsen	Director
Donald Mann	Assistant Director
Stephen Trembath	Senior Review Examiner
Joseph Petterson	Supervisor, Corporate Activities
Steven Cutshaw	Applications Coordinator
M. Janet Hunter	Corporate Activities Analyst
Linda Whitford	Corporate Activities Analyst
Marian Benjamin	Secretary
Carol Reist	Secretary
Patricia Welling	Secretary

Credit Union Division

Michael Fitzgerald	Director
Tim Standfest	Assistant Director, Examination
Richard Busche	Assistant Director, Administration
Nada Van De Moortel	Review Examiner
Deborah Koenigsknecht	Secretary
Esther Torres	Secretary

Savings and Loan Divison

Darwyn Sanborn	Director
Phillip Dunnebacke	Senior Review Examiner
Linda Baldwin	Secretary

OFFICE OF POLICY & CONSUMER AFFAIRS

MURRAY E. BROWN	Deputy Commissioner

Policy Division

Russell LaCoursier	Economic Analyst

OFFICE OF POLICY & CONSUMER AFFAIRS (Cont.)

Urban Investment Division

Daniel Tsai	Acting Director
Richard Redmond	Compliance Examiner
Marian Kummerl	Program Analyst
June Clark	Secretary

Consumer Finance Division

John Drury	Director
Judy Baker	Secretary
Ethel Caudill	Secretary

OFFICE OF ADMINISTRATION

PHILIP F. ROONEY	Director

Reporting and Publications Division

Edward Wichman	Director
Nancy Marquardt	Publications Coordinator
Frederick Dunnebacke	Report Analyst
Joseph Barberio	Facilities Coordinator
Bertha Laskaris	Secretary
Mary Kosiara	Revenue Clerk
Rayola Lane	Mail Clerk
Patricia Thelen	Microfilm Machine Operator

Automated Systems Division

Paul Tautkus	Director
Judie Wright	Secretary